PROPOSED VETERANS' ADMINISTRATION BUDGET FOR FISCAL YEAR 1984

HEARING

BEFORE THE

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HOUSE OF REPRESENTATIVES

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98th Congress

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PROPOSED VETERANS' ADMINISTRATION'S BUDGET FOR FISCAL YEAR 1984

THURSDAY, FEBRUARY 17, 1983

House of Representatives,
Committee on Veterans' Affairs,
Washington, D.C.

The committee met, pursuant to notice, at 9 a.m., in room 334, Cannon House Office Building, Hon. G. V. (Sonny) Montgomery (chairman of the committee) presiding.

Present: Representatives Montgomery, Edgar, Applegate, Leath, Mica, Dowdy, Martinez, Evans, Mollohan, Penny, Staggers, Rowland, Slattery, Richardson, Hammerschmidt, McEwen, Burton, Sundquist, Bilirakis, and Johnson.

OPENING STATEMENT OF CHAIRMAN MONTGOMERY

The Chairman. Good morning. The committee will come to order.

We are meeting this morning to receive testimony concerning the Veterans' Administration's proposed fiscal year 1984 budget. Witnesses include the Administrator of Veterans' Affairs, as well as representatives of certain veterans' service organizations.

The Congressional Budget Act requires the committee to submit its views and estimates on the administration's proposed budget to the Committee on the Budget by March 15 of each year. However, the House leadership has announced that the Budget Committee will follow an accelerated schedule this year which will result in consideration of the first budget resolution on the floor of the House before the Easter recess. As a consequence, our new report date is March 7.

I have looked over the budget documents and, except for a few minor items, I am generally pleased with the proposed budget for veterans' programs for the next fiscal year. Given our current economic situation, the budget addresses those needs most vital to our Nation's veterans, and should allow the VA to deliver timely benefits and services to all eligible veterans, their dependents, and survivors.

I want to welcome the Administrator of Veterans' Affairs to our committee, since this is his first appearance before us. Mr. Walters brings to his position a wealth of administrative experience and expertise, and has strongly indicated his support of veterans' programs. Accompanying the Administrator are: Deputy Administrator Everett Alvarez, Jr.; Mr. John P. Murphy, General Counsel; Dr. Donald L. Custis, Chief Medical Director; Miss Dorothy L. Starbuck, Chief Benefits Director; and Mr. Paul T. Bannai, Chief Memorial Affairs Director.

Before we hear the testimony of Mr. Walters, I want to recognize the very dedicated and capable ranking minority member of the committee, Hon. John Paul Hammerschmidt, for any remarks he may wish to make. Mr. Hammerschmidt.

STATEMENT OF HON. JOHN PAUL HAMMERSCHMIDT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. **Hammerschmidt**. Thank you, Mr. Chairman.

I join with you in a warm welcome to Harry Walters, the new Administrator of Veterans' Affairs. As you said, we have met on a number of occasions and just 2 weeks ago we had the pleasure, along with several national commanders of the veterans' organizations, of meeting with the President. I believe he is going to be an effective spokesman for veterans. He brings to the Veterans' Administration an outlook of optimism and he brings also a determination to have VA's image be a positive one. We welcome your appearance here this morning, Mr. Walters, and I wish you well in a most difficult assignment.

Mr. Chairman, I, too, have reviewed the President's VA budget for 1984, and with few exceptions, I think it is a very good submission. The legislative savings proposals are modest; the delay in the cost-of-living increase for compensation and pension is reasonable in view of similar proposed delays in other entitlement programs; the medical care budget is increased by more than $383 million and provides for over 2,000 new employees; and the construction budget is the highest in history. All in all, Mr. Chairman, I feel that in this time of necessary nationwide belt tightening, the VA has faired well.

It is true, Mr. Chairman, that medical research appears to be a standstill budget. It also appears that the general operating expense account is very tight. However, in comparison to other budgets, I am confident it will generally be favorably considered by the Congress. I agree with you, that it should allow the VA to deliver timely benefits and services to its clientele.

Mr. Chairman, the entire VA Central Office leadership is here with Mr. Walters this morning. Many of us have had the pleasure of knowing and working with almost all of these good people for a long time. They do a fine job, often under very trying circumstances. I am sure the committee joins me in welcoming them, also.

Thank you, Mr. Chairman.

The **Chairman**. Mr. Administrator, you may proceed. I would suggest you introduce your team at the table there. I think it would help our newer members.

STATEMENT OF HON. HARRY WALTERS, ADMINISTRATOR OF VETERANS' AFFAIRS, VETERANS' ADMINISTRATION; ACCOMPANIED BY CONRAD R. HOFFMAN, ASSISTANT DEPUTY ADMINISTRATOR FOR BUDGET AND FINANCE; JOHN P. MURPHY, GENERAL COUNSEL; DONALD L. CUSTIS, M.D., CHIEF MEDICAL DIRECTOR; DOROTHY L. STARBUCK, CHIEF BENEFITS DIRECTOR; AND PAUL T. BANNAI, CHIEF MEMORIAL AFFAIRS DIRECTOR

Mr. WALTERS. Thank you, Mr. Chairman, very much. It is an honor to be here, my first time in front of this committee.

Before I introduce my key players, I would like to thank the members of this committee, specifically you, Mr. Chairman, and Congressman Hammerschmidt, and all of the staff that you have on this fine committee, for the warm reception that I have been given in the first 60 days of my service.

I would like to introduce Mr. Paul Bannai, who is Director of our Memorial Affairs Department. I would like to introduce Miss Dorothy Starbuck, who is the Director of the Department of Veterans' Benefits. Mr. Connie Hoffman is the Assistant Deputy Administrator of Budget and Finance of the VA—Connie has been at the VA for 12 years. Dr. Don Custis, our Department of Medicine and Surgery, Chief Medical Director, and Mr. John Murphy, our General Counsel.

Mr. Chairman, after 60 days, I do not pretend to be a budget expert about this budget, but I can tell you that on the level that I have been able to negotiate this budget through the executive system, and the little bit of time I have had to study it, I think it is a fair budget and an honest budget. I share Congressman Hammerschmidt's view that in these times of fiscal constraint certainly the budget is quite fair with an outlay increase of $1.3 billion.

There are four areas I would like to highlight briefly for the committee. They are very important areas to me personally.

One is the area of the aging veteran. The aging veteran, actually the World War II veteran caused a restructuring of the VA's system in 1946 with his return from the Second World War. This same veteran is now getting in his elderly years and I know we are going to have the same obligation to him in his elderly years as we did in 1946. In fact, his needs, as he grows older, may indeed force another restructure of the VA system in order to care for him. This is a very important matter to us at the Veterans' Administration. We are spending a great deal of time on it, a lot of studies are being done, some mandated by the Congress and some internally done by the executive branch. It is a very important matter and I think the VA should take the lead in this matter.

The second thing I would like to talk about is the Veterans' Administration as an agency. The agency has been buffeted about as of late, and I would say over the last 6 years the agency has been embroiled in controversy. There are 235,000 people in this agency and I find most of them to be loyal and dedicated employees. It is not a "them and us" kind of arrangement we have in the VA right now. These people deserve to have great self-esteem in an agency that provides health care and benefits to veterans across this great land of ours. Although there are controversies and there are issues that need to be solved, the agency should not be used as a whipping post, and I would hope that we would not use it as a whipping post in the future.

The third item I would like to discuss briefly is the item of female veterans. Having served as Assistant Secretary of the Army for man and woman power, I know the growing population of women in the Armed Forces. These women will be migrating into the veteran population and there will be a growing need to accommodate female veterans in our facilities across the land. In order to accommodate this, I have hired a woman by the name of Dr. Nora Kinzer, who will be the catalyst to form a Federal Advisory Committee reporting to me to insure that women's rights and women's proper access to facilities are assured in the years to come.

Fourth, the employment of veterans. In the brief time I have had to look at what we can do in the VA to help the employment of veterans across America, it is apparent to me that there is no mechanism that allows us to talk directly to the employers in America. We are talking to employment service agencies and what have you, through the Department of Labor and other things, but we need to develop a mechanism that will allow us to put a little bit of pressure on America's employers to hire veterans. We are looking into this, and I have hired a gentleman, who was Drew Lewis' right-hand man in the Department of Transportation, Ken Klinge, who will be heading up that effort for us. I know that we all wish him well in his work.

Last, but not least, it is a fact that before I took this assignment, as I testified in my confirmation hearings, I intend to be an advocate for veterans. I told the President and Mr. Meese before I took the assignment that I would not take it under any other conditions. So, with that in mind, that will be my primary goal in trying to make the agency esteem itself and to show that veterans, indeed, are treated fairly by our country. America is No. 1 thanks to our veterans, and this will be the motto I will have placed on a bumper sticker for the agency as the years go by.

Thank you, Mr. Chairman, very much.

I have written testimony which I have submitted for the record.

The CHAIRMAN. Without objection, your full statement will be put in the record. Thank you for that quick summary, Mr. Administrator.

[The statement of Mr. Walters appears at p. 43.]

The CHAIRMAN. Mr. Hoffman, I believe, will now have a short presentation.

STATEMENT OF CONRAD R. HOFFMAN

Mr. HOFFMAN. Yes, sir, Mr. Chairman.

I understand that copies of these charts [1] have been provided to each of the members in the folder that is before them.

The CHAIRMAN. Why don't you hold it up so we can see.

Mr. HOFFMAN. It is the bottom item in the pack.

The CHAIRMAN. All right, sir.

Mr. HOFFMAN. Mr. Chairman, the 1984 budget which we have before you has a level of $26.1 billion in budget authority. This is

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[1] See p. 46.

$1.1 billion over 1983. In budget outlays it is $1.3 billion over 1983. I would hasten to say this is the largest budget that the Veterans' Administration has ever had to present before this committee.

On page 2 we show the budget authority broken down under three categories that comprise the total budget authority. The appropriations request of some $25,131 million includes $135 million of proposed savings legislation. In addition to that, we have included in this tabulation $238 million of additional proposed legislation, so the total requiring action by the Congress of $25,369 million is the total before the committee this morning.

I would also point out, however, in total budget authority we also show permanent authorizations and offsetting receipts of $714 million and this primarily is the net difference between the expenses of the insurance trust funds and the receipts.

On page 3, at this point I am speaking in terms of the appropriations that we are talking about for 1984, the request of $25,131 million is $860 million over the 1983 level.

On page 4, we show in pie chart form the breakdown of the four elements comprising the 1984 budget. As you can see, 60.5 percent of this relates to benefit programs, and covers some $15.2 billion. Medical programs are 33.1 percent and amounts to $8.3 billion. The construction program is at 3.5 percent—and again, I would point out this is the largest construction program this agency has ever had. It represents a 58 percent increase over 1983. The funds in this budget for that purpose are $868 million. General operating expenses comprising the last item is at 2.9 percent and amounts to $719 million.

The CHAIRMAN. That benefits program, that is both compensation——

Mr. HOFFMAN. Compensation, pensions, and readjustment benefits.

On page 5, Mr. Chairman, we show average employment going up by 1,914 to a level of 220,785 full-time equivalent employment. Again, I would say that is the highest level this agency has ever had. Broken down into its component parts, the Department of Medicine and Surgery has 2,117 average employment over 1983. There is a reduction in the Department of Veterans Benefits, of 419 average employment. The Department of Memorial Affairs is increasing by 22. The Office of Construction is increasing by 31, general administration and others by 134, and procurement and supply service by 29.

On page 6 we show the proposed legislation. There are two items that have additional cost associated with them, one being the compensation rate increase of 5.1 percent, for $238 million. This, however, does have a 6-month delay and would become effective on April 1, 1984. The other item that has additional cost is to authorize payment for construction of safety improvements on land adjacent to national cemeteries, and that is $100,000.

The proposed legislative savings items comprise $135 million. The first is in the pensions accounts and provides for a 6-month delay for a 5.1 percent cost-of-living increase to be effective on December 1, 1983, with related savings of $113 million. There are two items appearing under readjustment benefits. The first is to terminate funding of correspondence training, $4.9 million, and the other is to terminate advance funding of educational assistance allowance, $15.6 million.

Associated with those two, under general operating expenses, are the costs savings if these two legislative items were enacted. Some $893,000 and 32 full-time equivalent employees would be associated with them. Once again, the total proposed legislation that we have reflected here, net of the increases would be $103 million.

On page 7, Mr. Chairman, for the compensation account, we show the 1984 level at $10,094 million which is an increase of $631 million. You will note that we identify the $238 million increase under proposed legislation.

On page 8, the pensions account is going up $10 million, to a level of $3,837 million. This amount has $113 million of proposed legislative savings associated with it.

The **Chairman**. Are the numbers going down for pensioners?

Mr. **Hoffman**. Yes. Between 1984 and 1983, there is a reduction of 75,000 caseload, 28,000 of whom are veterans and 47,000 of whom are survivors.

Readjustment benefits, on page 9, is going down $295 million. We are finding that the veterans are either attaining their educational goals or have reached their delimiting date, which is now being extended. This request is $1,371 million which also includes $21 million for proposed legislative savings. Here, too, Mr. Chairman, there is a reduction in caseload from 1983 of 150,100 Vietnam-era veterans and 2,800 dependents. There is a slight increase in the number of veterans who are entitled to rehabilitation benefits of 500.

On page 10, the medical care appropriation is up by $383 million, to a level of $8,079 million. Average employment is going up 2,306 to a level of 190,544 full-time equivalent employment. The significant funding increases as identified here, aside from payroll costs of $74 million, are provisions for activations and capital investment of $114 million and additional funds related to inflation and other increased usage costs of $185 million. This will include resources for two new nursing home care units to be activated in 1984, and one new outpatient clinic.

On page 11, medical and prosthetic research is going up by about a million dollars to $156 million——

Mr. **Edgar**. Would the gentleman yield?

Mr. **Hoffman**. Yes.

Mr. **Edgar**. Back on page 10, under the medical care area, you list out $185 million plus for inflation and increased usage.

Yesterday in some hearings we were trying to get from the medical people an estimate of what the inflation rate and the higher cost of health care was for the Veterans' Administration. We had a little difficulty coming up with some clear figures.

Can you tell us what that $185 million is based on?

Mr. **Hoffman**. The inflation portion of that is $147 million, and it approximates 5 percent.

Mr. **Edgar**. So you are estimating that the cost of providing medical service for the VA will inflate by only 5 percent?

Mr. **Hoffman**. Yes. You must understand too, Mr. Edgar, the 1984 budget does not provide for any new 1984 pay increase.

Mr. **Edgar**. Any what?

Mr. HOFFMAN. Any 1984 pay increase. There is no pay increase in the budget for 1984. So the 5 percent would be the costs associated with everything other than additional pay costs.

Mr. EDGAR. I don't mean to take the time of the members, but we had some trouble yesterday because of the difference between the 14 to 20 percent inflation in 1983 funding for health care, on the outside, and a lot of accelerated increase there. We were wondering whether or not that is a realistic projection, even with your limitations on pay increases.

Mr. HOFFMAN. That is the projection we have been working with and believe it to be a sound one.

Mr. EDGAR. Thank you.

I apologize for interrupting.

Mr. HOFFMAN. Medical and prosthetic research is going up approximately $1 million. There is a reduction in employment of 170. The average employment level would be 4,215. I would point out also that the high priority programs that will be addressed in this 1984 budget cover aging, alcoholism, health of former POWs, spinal cord injuries, and delayed stress.

On page 12, the medical administration and miscellaneous operating expenses funds are going up $10 million. Average employment is going down slightly, by 19, to a level of 856. You will note here one of the prime increases shown is for GSA space rental and Federal telecommunications system costs.

Mr. EDGAR. Would the gentleman yield again?

Mr. HOFFMAN. Yes, sir.

Mr. EDGAR. The President, in his recent jobs program bill, provides for $100 million for VA construction. Will these funds be an increase over and above the funds on page 13?

Mr. HOFFMAN. Yes, they would, sir.

Mr. EDGAR. So they would be funds out of 1985, 1986, funds that would be accelerated up to——

Mr. HOFFMAN. As I understand it, that's correct.

Mr. EDGAR. Do you know whether or not this committee or the Appropriations Committee will have the jurisdiction on where those funds are being used?

Mr. HOFFMAN. I couldn't answer that, sir. I would have to defer to——

Mr. HAMMERSCHMIDT. Will the gentleman yield?

Mr. EDGAR. I yield to the gentleman.

Mr. HAMMERSCHMIDT. It is my understanding that there is no new money in this budget for the jobs program, but if you implement the construction program, they are going to need about $30 or $40 million for design in the 1983 supplemental to implement that later budget.

Mr. HOFFMAN. The staff indicates that to be the case.

Mr. EDGAR. Thank you. But the bottom line of the question is, the $100 million that the President is talking about in his jobs program for VA construction is money, from wherever it is taken from, outyears, over and above this figure, which is important——

Mr. HOFFMAN. That's correct, yes.

The CHAIRMAN. Let me comment for the members of the committee. Mr. Leath, the chairman of the Education, training, and Employment Subcommittee, his subcommittee members are working on a jobs bill. Certainly veterans should be considered in the President's bill. They are talking about every other group, but I haven't heard anybody mention veterans. I hope Mr. Leath will move ahead in that area, and if we come out with a jobs bill, certainly veterans will be considered.

Go ahead, sir.

Mr. **Hoffman**. On page 13, Mr. Chairman, on the construction program is going up $319 million to an all-time high level for the VA of $868 million, which is a 58 percent increase over 1983. Average employment is going up by 31 to an 808 level. As you will note, the primary funding is directed toward the medical program, some $808 million of this total, and that is well in excess of 90 percent. The cemetery program, veterans benefits programs, and data management have smaller amounts for programs which have identified needs.

On page 14, general operating expenses, is going up $28 million to a requirement of $719 million. Average employment is going down, however, by 263 to 20,235. Major funding increases are for veterans benefits, $6.5 million, memorial affairs, $2.3 million, and general administration, $19 million.

On page 15 we highlight the Department of Veterans Benefits. This is going up $7 million. However, employment is going down by 419 to a level of 14,404, primarily due to workload declines in the Department of Veterans Benefits.

Last, Mr. Chairman, on page 16, there is a requirement for a 1983 pay supplemental. The supplemental that we have before Congress for pay increases is $187,384,000. The agency has absorbed $89 million of a total requirement of $277 million.

I would point out, however, that in the case of medical care, the absorption that appears there is for the medicare increase of 1.3 percent and the increase in health benefits. Approximately $10 million is associated with the lifting of the pay cap. But aside from that, the $147 million for the pay increase for the medical care appropriation will be covered in a supplemental requirement.

That concludes the overview, Mr. Chairman.

[The charts appear at p. 46.]

The **Chairman**. Thank you. We certainly can't criticize you for not moving along. I have been here a long time and I was having a little problem keeping up with you. But that's good. That's the way to move it along.

I will be very brief—and Mr. Mollohan has to go meet the Governor from his State and I will yield part of my time to Mr. Mollohan. But I will make a comment.

It does seem to me to be a fair budget. You never get all you want, but certainly, the years I have been on this committee, and the Subcommittee on Compensation and Pension, this seems to be one of the fairest budgets that we have ever had.

Let me stress to you, Mr. Administrator, that there has always been a tendency in this Government to take away Veterans' Administration land at the different regional hospitals and let some other Government agency have it, or sell it to private enterprise. I'm very serious about this. You're going to force us into some type of legislation, that every piece of property that you sell is going to have to come up before this committee if you're not careful on that. What you ought to do, where we are paying this outrageous rent, the regional offices that Miss Starbuck heads up, we ought to build facilities on the veterans hospital land.

I will give you an example in Los Angeles, where they have got some land there, we ought to start doing that and take some of this construction money and put it in these permanent facilities. I really kind of fall apart when I see how this land has gotten away from us. Private enterprise builds big buildings, cuts off the view of our beautiful hospitals and facilities, and we ought not to do it.

Mr. WALTERS. Mr. Chairman, your concerns are well known about excessing land. I think the agency has not taken a very rational view over the last couple of years as to what land is available for excess and which is not. We are going to review that very carefully with your ideas in mind, you can rest assured.

The CHAIRMAN. Mr. Mollohan.

Mr. MOLLOHAN. Thank you, Mr. Chairman.

Mr. Walters, in reviewing some of the papers before me, I note that you do, indeed, include an increase in construction moneys to $868—I guess that is an increase of $319 million—to $868 million. Also, I note in looking through some of the other papers before me that the replacement and modernization category and the clinical improvements category does not include anything for the Veterans' Administration Medical Center in Clarksburg. It is my understanding that this was included in your 5-year medical facility construction plan for projects by fiscal year and that $5 million was included as a clinical addition and improvement for this Clarksburg facility in fiscal year 1984.

I am very distressed. It is good news to see your increase in construction and it is good news to see some of the projects in your clinical construction projects and your medical construction projects, but it is bad news that you have dropped—there is not one penny included now for the project in Clarksburg.

The Democratic leadership in the Congress and now the administration is talking about the acceleration of Federal construction as a part of a jobs program to get this economy moving, and I would like to point out that in my State, which has made a significant contribution to the defense of this country, which is well known, we are experiencing unemployment estimated between 17 and 18 percent now.

I think there is unanimous agreement that the project is needed, and since it was included in your 5-year project, I would like to understand why this project has fallen through the cracks.

Mr. WALTERS. I don't know the specifics on it, Mr. Mollohan, but Dr. Custis perhaps may have some thoughts on it. If not, I will call on the Office of Construction.

Mr. SALMOND. We had to go back and revise the preliminary drawings. The way the project started out, it was more really than the hospital needed. We are currently in the revision process on the preliminaries, and we will not go into a budget until we complete preliminaries and know what our costs will be.

Mr. MOLLOHAN. Well, are you suggesting that the $5 million that you put into the budget in your 5-year planning process was put in there without proper planning?

Mr. **Salmond**. I wouldn't say it was without proper planning. It was put in there based on an initial rough assessment of what the need was. Now, when we go through the advance planning process, we go to the hospital and actually review with them and with the Central Office people in DM&S what the needs really are. We are in that process now.

Mr. **Mollohan**. You know, I am familiar with the local planning process and it distresses me that you have used that as an excuse for lack of planning. That all sounds good to me, but please tell me how we can accelerate this project.

Mr. **Salmond**. Well, we are working on the preliminaries right now with an architect-engineer firm.

Mr. **Mollohan**. What timeframe are we working in?

Mr. **Salmond**. It's a possibility that it could make the 1985 budget, given the Administrator's priorities.

Mr. **Edgar**. Would the gentleman yield?

Is there any possibility that this project could be part of the $100 million commitment and accelerate it? What is taking the time to accelerate it 6 months rather than waiting for another year and a half?

Mr. **Salmond**. Well, it is my understanding that the $100 million is not for major construction. The $100 million is for maintenance and repair-type projects, which are labor-intensive and can be put on the market very quickly. For major construction, we must first go through working drawings and that sort of thing.

Mr. **Edgar**. Well, if you have that money to accelerate the rehabilitation of projects, then you should free up some additional money and the $800 million that could, in fact, be used to accelerate the long-term investments that we are suggesting in this particular project.

Mr. **Salmond**. That's what Congressman Hammerschmidt was alluding to earlier, I believe. Part of the $800 million that we are asking for now could be advanced in a supplemental, so that we can, on projects that already have completed preliminaries, advance to the working-drawing stage.

The **Chairman**. My time has expired. If the gentleman has other questions, he can submit them for the record. Would you like to do that?

Mr. **Mollohan**. Thank you, Mr. Chairman.

Mr. **Walters**. If I might, Congressman Mollohan, I hear your dialog very well, and we would be pleased to sit with you briefly on that situation and bring you up to speed on a personal basis. I will direct the staff to do that.

Mr. **Mollohan**. I will look forward to that, Mr. Walters. I want you to know I have an abiding interest in this project and I think it is very important, not only to the veterans it is going to serve, which I think the need is very apparent and recognized, but it is important also to our economy there.

[The question of Mr. Mollohan appears at p. 64.]

The **Chairman**. Thank you.

Mr. Hammerschmidt.

Mr. **Hammerschmidt**. Thank you, Mr. Chairman.

Before I ask questions, let me just comment briefly on this colloquy that has been going on here.

Mr. Edgar, the chairman of our subcommittee, has mentioned the figure of $100 million. I am not sure that is a firm figure. I have heard rumors it might be as much as $200 or $300 million, but they have to get some advance design and planning money first. So let's hope that it is that much.

Mr. Walters, I want you to know that I support your budget request to increase the size of the Board of Veterans Appeals, because I think this is long overdue and I congratulate you for making the request. The time for an appeal decision, in my opinion, is far too long and I would hope that we could anticipate a sizable reduction in that timeframe as you bring on the increased staffing called for by your budget request.

Furthermore—and I have discussed this with the chairman—I would hope that you would see that an invitation is extended to members of this committee, particularly the new members, but it is good for all the members, to once again go down personally to the Board of Veterans Appeals and see just how it operates. I would hope, if you do extend that invitation, we would all participate in that exercise.

Mr. **Walters**. Congressman Hammerschmidt, I have already given direction to the Board of Veterans Appeals and the General Counsel's Office to prepare a presentation on what the Board of Veterans Appeals does, what the process is for all members of the committee, both in the Senate and the House, and the Appropriations Committee as well, so that there is a better understanding as to what that organization does.

Mr. **Hammerschmidt**. We are very appreciative of that.

Mr. Administrator, the debts owed to the Veterans' Administration for GI educational overpayments or mispayments, for whatever reason, are astronomical. The Veterans' Administration has recently been doing a good job in collecting many of these debts.

Does your 1984 budget, in your opinion, contain enough money to continue an aggressive collection program with respect to the outstanding debts?

Mr. **Walters**. I think it does have enough money in it to support an aggressive program.

We seem to be losing a little ground. I'm going to pass that question on to Miss Starbuck.

Miss **Starbuck**. Thank you.

Mr. Hammerschmidt, I think that we have a sufficient number of people, both in the Department of Veterans Benefits, in our CARS operation at St. Paul, and in the General Counsel, to continue an aggressive program. Expansion beyond our capability, of course, would be desirable, but I think we are going to keep right at it as we have in this past year, and we will be making inroads into that.

Mr. **Hammerschmidt**. Thank you, Miss Starbuck.

Mr. Walters, is there any money in the budget for the Center for Disease Control of agent orange, and if not, why not?

Mr. **Walters**. The money is not in the budget for agent orange yet. We are waiting to see what the resource requirements are from the Center for Disease Control, so that we can, in a budget amendment, put forth the necessary resources for fiscal year 1984.

In fiscal year 1983 we will be transferring funds, as well as FTE, to the Center for Disease Control, Congressman.

Mr. **Hammerschmidt.** I assume from your response there will be no delay in that ongoing action.

Mr. **Walters.** There should be no delay.

Mr. **Hammerschmidt.** I know you mentioned the Minneapolis hospital in your statement. We heard rumors for a long time that the Minneapolis hospital construction project, previously approved by the Congress, is going to be the subject of an attempt to cut back by some 200 beds, and that this was a signal as to future hospital construction projects in other areas of the country. The 1984 budget submission lays this rumor to rest insofar as Minneapolis is concerned, and I congratulate you for your effort in that regard.

My question is, Insofar as you know, can we safely lay the overall nationwide rumor to rest as well?

Mr. **Walters.** I don't know how to lay rumors to rest, Congressman Hammerschmidt. I have never been very effective at that. But I think each and every hospital will stand on its own merits and the agency will review each and every project on its own merits. I don't think there is any reason to anguish over whether the fact there will be 200 less beds in hospitals across the land or not.

Perhaps Dr. Custis could add to that. I would ask him to do that.

Dr. **Custis.** As you undoubtedly know, Mr. Chairman, we are placing a lot of confidence in the output of our strategic planning, MEDIPP, and I think any anxiety with regard to arbitrary cuts, ignoring needs assessment, is probably, hopefully, going to be a day of the past. I think from now on we are going to be in a position where we can show, on a valid demographic study basis, what the needs are for different locales. Our construction, hopefully, will be based on that needs assessment.

Mr. **Hammerschmidt.** Thank you, Dr. Custis, and thank you, Mr. Walters. Sometimes this is our only forum in getting the truth and the right word out to the public, so that is the reason we ask those questions.

The **Chairman.** Thank you, Mr. Hammerschmidt.

Mr. Edgar, the chairman of the Hospital and Medical Care Subcommittee.

Mr. **Edgar.** Thank you, Mr. Chairman.

For the last 2 days I have been in hearings dealing with EPA and the shredder incident and I was tempted to ask you whether there were any shredders at the Veterans' Administration, but I will pass on that. [Laughter.]

Mr. Walters, I really appreciate your opening statement, particularly where you focus on the issue of the women's issue being a priority for you. On March 3, the Hospital Subcommittee will be holding a hearing on that issue, and while I know you may not be able to attend that hearing, we do look forward to working very closely with you on that issue and think it is an important one for this year.

We also look forward to working with you and your staff on an aggressive series of hearings that our subcommittee plans to hold across the country to look at the quality, the extent, and the needs within the veterans health care system.

I do have four specific questions that I would like to address to you and to the panel.

Yesterday, at our hearings on the increase on per diem rates paid to the State extended care facilities, the point was made that only $18 million is included for grants to State homes for construction, modernization, and alteration of these extended care facilities. Some information was shared and some history was related, that this is a very good bargain for the United States in relationship between the Federal Government and State government in providing care. VA witnesses indicated there was a backlog in excess of $60 million in this area.

Would it not make some sense to accelerate this program, to eliminate the $60 million of backlog?

Mr. **Walters**. Congressman Edgar, an unfortunate incident happened yesterday. Dr. Custis was called away from your hearing, a very unfortunate set of circumstances for you and good for the Senate, because they requested his appearance before the Senate Veterans' Affairs Committee. As a result, Everett Alvarez did not have a full understanding of the project and did not have his right-hand man here.

I am going to ask Dr. Custis to touch bases on that with you right now.

Dr. **Custis**. I understand that the specific question, Mr. Edgar——

Mr. **Edgar**. The basic question is, there is $18 million budgeted for construction of these VA facilities, there is $60 million of backlog; if it is as good a bargain as we think it may be, is there any plan to accelerate the elimination of that backlog?

Dr. **Custis**. I think the answer is no, there is no such plan. However, as you well know, the Congress has eliminated the cap, I think 2 years ago, that was previously existing at the $15 million level. Now it is a matter of the budget cycle and relative priorities on moneys.

To answer your question specifically, I think as rapidly as we could afford to accommodate the States and their projects, it would be to the mutual benefit of the States and to the Veterans' Administration's programs.

If I may go on from there and just assure you that the Veterans' Administration and the Department have a very high regard for what the States are doing and what they can do. We are counting heavily, in terms of outyears in our planning for the aging veteran, that the States will share a sizeable portion of this burden.

Mr. **Edgar**. We share that same concern. We are frustrated that we have moved from some 30 percent commitment to the per diem rates to some 20 percent, and I think we are going to try to make an adjustment in our committee and we want to work with you on that, even though OMB may think it is not a priority this year. There are some costs involved in providing that service and it ought not to be that the Federal Government relaxes its role and commitment to these VA facilities.

Dr. **Custis**. May I take advantage of the opportunity to get something in the record?

Mr. **Edgar**. OK.

Dr. Custis. The stand of the agency, I think, can be explained on this basis: It is true that we took no initiative to address the subject of increasing our share of per diem to the State homes in the 1984 budget. Historically, we have never taken that initiative. Our philosophy has been that it is the State home programs that should come to us. In this instance, they came to you. We knew nothing about this until after the 1984 budget was wrapped up.

Our concern is an increase of some $50 million in this program with nothing in the 1984 budget to accommodate it. Had our attention been drawn to it by the State home programs, it certainly would have been considered in the 1984 budget.

Mr. Edgar. I appreciate your comment, and my time has expired. But I would like to indulge the committee just to relate three specific comments.

We also had yesterday some testimony on the needs of the Commonwealth of Puerto Rico and the Virgin Islands, and the fact that we are continuing to contract out for care; the cost of that contracting out is such that over a 3- or 4-year period it would pay us to move quickly to a construction phase and we need to talk about that a little more seriously.

Second, I am also very much concerned about the readjustment counseling system. We are planning to deal with that issue in some hearings, and we at least think a minimum of a 1-year extension is a legitimate expenditure. We would hope that there would be sufficient funds in this budget not to phase down in 1984 funding a program that we think politically is probably going to be at least phased through 1985. I would be interested if you could submit for the record your plans on how you are going to approach this in the details of the 1984 funding.

[Subsequently, the Veterans' Administration furnished the following information:]

The full level of funding for the Readjustment Counseling program in fiscal year 1984 is 552 FTEE and $31.4 million, which will be sufficient for the program at the current level of activity. The fiscal year 1985 request will be based on the outcome of the task force study whch will be presented to the Administrator in April, 1984.

Mr. Edgar. Finally, I have to say, as the past chairman of the Education, Training and Employment Subcommittee, it bothers me a little bit, even with the 6-month delay in compensation for pensions, that over the last few years there has been no increase in GI education benefits; and yet the cost of education is still skyrocketing. I think a lot of the people who are receiving those benefits are not getting the same attention that previous veterans received as they were going through that program. And even though we are phasing that program down, it would be my hope that we could see some compensation increases.

Thank you, Mr. Chairman.

The Chairman. Thank you.

The Chair recognizes the chairman of the Subcommittee on Compensation, Pension and Insurance, Mr. Applegate.

Mr. Applegate. Thank you, Mr. Chairman.

Mr. Walters, congratulations on your confirmation of your new position. We are looking forward to working with you, along with the very capable staff that has been with the Veterans' Administration.

I think we all know that we have really a very difficult task and chore to go through this year because we are working within time constraints to meet fiscal restraints, and it is not an easy proposition. It is neither easy for you nor is it easy for us, because any time that you have to pare down in any way, politically it certainly isn't very attractive and there are many hard decisions that have to be made.

There have been some good questions that have been asked, and there will continue to be as we continue to review the budget and to see what kind of total effect it will have.

I note that you do plan a reduction of 419 personnel in the Department of Veterans Benefits. I am also aware that the VA's need to spend large sums on overtime has been reduced in the past couple of years.

I want to know how that is going to relate. Do you think that you will again have to resort back to overtime? I can foresee a tremendous workload being heaped upon many of those who are going to be there, continue to be there. How is this going to be handled? Is it going to be phased out? Is it going to be done through attrition, or does the possibility loom that you're going to have to fire some people in order to meet those figures?

Mr. WALTERS. Would you repeat the question, Congressman? Just kidding. [Laughter.]

Mr. APPLEGATE. I forget what I said. [Laughter.]

Mr. WALTERS. I have a personal interest in that matter. Some of the budget practices, both in the Appropriation Committees, I might add, as well as in OMB, on productivity studies as regards to service-oriented agencies or business, are, at best, difficult to do. Because when you are providing a service, you are providing a people service to people. If the people aren't there, he doesn't get service, so if you get one veteran who doesn't get service, you have yourself a problem.

I have had a personal interest in that matter and Miss Starbuck and I have talked at length about it. If we have a problem with reduced FTEE, we have decided we will not be bashful about asking for some help. But I think at this point in time she is comfortable that she can handle it. But I would let her say that for herself.

Dorothy?

Miss STARBUCK. Of course, Congressman, within that 419 reduction are 32 positions that relate to proposed legislation. Absent the passage of that legislation, of course, we would assume that those 32 would come back to the fold.

Mr. APPLEGATE. Could you explain that, Miss Starbuck?

Miss STARBUCK. Well, the two proposals on legislation, on the discontinuance of advance payments and the discontinuance of correspondence course payments, do have an impact in personnel processing those particular actions in the regional offices.

Mr. APPLEGATE. That is proposed in the legislation here?

Miss STARBUCK. That is correct, sir.

Also in that number are the positions which are being saved in the translocation of the loan guaranty operation from Jacksonville to St. Petersburg, Fla. That is a total of 27 positions.

I am not going to say that we are elated about the reduction in employment, particularly since the activity in our loan guaranty divisions is burgeoning beyond our current capacities. However, in our adjudication divisions, where the decisions are made with respect to compensation, pension and education, in just taking a snapshot of where we were, say, 1 year ago last week and where we are this past week, 1982 over 1983, we are down in the total number of cases that are on the floor of the adjudication divisions to be considered. If the estimate of reductions in the numbers of claims that are made hold up, we will make it. But as the Administrator has said, if things turn around and don't go according to the plan that has been laid out in the budget, I will not hesitate to go to him, and I am sure he will not hesitate to go to a level above him.

Mr. APPLEGATE. I am very happy to hear that.

Could you give me one breakdown as to what you consider would be, of the 419, how many that you would have to separate with a pink slip?

Miss STARBUCK. We do not anticipate a reduction in force. We have done some rather "tricky", I guess you would have to say, exchanges of money between regional offices and probably one of the hardest looks at the money we are spending in the Department to preclude a reduction in force or to preclude a furlough to support employment, and also to support our loan guaranty operations currently with the provision of some overtime where we do have serious backlogs.

Mr. APPLEGATE. Thank you, Miss Starbuck.

Do I still have some time?

The CHAIRMAN. The time has expired, Mr. Chairman.

Mr. APPLEGATE. My questions haven't. However, I will yield to the chairman and I will ask my questions at a later time.

The CHAIRMAN. OK, thank you. And if you want to submit the questions, that will be permissible.

I might say that Mr. Hall, a member of this committee for a number of years, slipped on the ice and broke his foot, so he is under the weather for a while.

Another gentleman from Texas, the chairman of the Education Subcommittee, Mr. Leath.

Mr. LEATH. Thank you, Mr. Chairman.

Mr. Walters, I, too, want to welcome you. I must say that I am extremely encouraged by your appointment to this post. Of course, I am very much aware of the outstanding job you did in your previous post in the Army, and I think the expertise and the sensitivities, the obvious commitment to veterans that you bring to this Administrator's post, is going to be indeed a welcome occurrence as far as this committee is concerned and the veterans in this country. So I am delighted to have you in that position and I look forward to working with you.

As Chairman Montgomery pointed out earlier, the unemployment rate for veterans has increased sharply during this past year and during this recessionary period. For example, in January 1983, the overall unemployment for veterans was higher than for nonveterans. The younger Vietnam veterans have been especially hard hit. Veterans in the age group of 25 to 29 have a 21.8 percent unemployment rate, as compared to 13.7 percent for non-veterans in the same age group.

We have seen, of course, floating around in the media and in conversations on the Hill and in the newspapers several versions of jobs bills with a price tag of $4 to $7 billion. The Subcommittee on Education, Training and Employment may very well consider legislation to alleviate this intolerable situation regarding unemployment among veterans. While at this point we are still in the formulation stage and have no specific details, as such, in mind, I can assure you that any legislation to assist veterans in their efforts to be trained or to obtain employment would, indeed, be a modest proposal from a cost standpoint.

My question to you, therefore, would be two-fold: No. 1, would you tend to be receptive to such an effort, in view of the fact that we are going to obviously have some type of jobs legislation, and in view of the fact that veterans obviously are affected much more than other segments of society, and if such a bill was approved by the Congress and sent to the President, do you feel you could recommend to the President that he sign such legislation?

Mr. WALTERS. Yes to both. I can't speak for the President.

Mr. LEATH. I understand. But with your great persuasive powers, I am sure we could get it done.

One thing, before we get into those hearings, that has come to my mind—and I know you will be somewhat familiar with this, too, because of your past position in the Defense Department—as you know, several years ago the House Armed Services Committee did a study, the defense industrial base study, which I am sure you are familiar with, and that study, of course, pointed out the very sad condition that the Nation is in today from the standpoint of not only the defense industrial base but the industrial base generally and the problems that we would have in attempting to surge production and so forth in the event of conflict. It pointed out, also, a great many areas—for example, such as machinists, just one example that comes to mind—where we had tremendous shortfalls, not only now but certainly in the future, of various job classifications.

I don't know exactly how we would do it, but I would like for you and the staff to give some thought to this before we get into hearings concerning such a proposal, on how we might follow up on what you have already indicated here, the fact that you are going to try to encourage VA contact with employers, which I think is a very necessary step. You know, if we could identify, for example, in the area of defense, where we obviously are going to have significant buildups over the coming years, and obviously going to have a number of different job classifications that are needed, if we could find out what employers need and then take these young veterans and put them into programs where they could be trained for that need, where we would know there would be a job available to them when they come out of it—or perhaps we could do it in the job training type of situation—I think we would be looking at a program that would not only be cost saving, but it would be something that would accomplish a long-term job requirement and so forth from the standpoint of the employer and the person that gets the job. Something in that neighborhood, if you get the drift of what I mean, I think is very worthwhile exploring.

Mr. WALTERS. Yes, sir. I would like to add a bit to what you have already said, that it is apparent to me a major resource at our disposal here is the input from the veteran service organizations about how they can play a role in this matter. I have invited them to come to my office already to sit down and talk about this committee and ask them to submit ideas to us, which they are in the process of doing now, about how we might accomplish the task of knowing more about employers' needs, one, and two, how to impact the employer to hire the veteran. So we will be happy to share that with you as we make progress.

Mr. LEATH. Thank you very much, sir.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Tim Penny of Minnesota.

Mr. PENNY. Thank you, Mr. Chairman.

In keeping with Mr. Hammerschmidt's question about rumors, we hear in Minnesota from time to time the rumor about the relocation of our insurance division to Philadelphia. I was hoping you could help put that rumor to rest this morning by responding to our concern.

Is there a proposal under consideration that may result in our losing that insurance division?

Miss STARBUCK. Mr. Penny, the operation of the insurance centers at Philadelphia and St. Paul are a part of the overall study of the benefits delivery system, the draft report of which was furnished to me approximately 1 week ago. I have to say to the committee that I have not yet had an opportunity to get into that.

But it is a part of the study. There has been no decision made on any portion of the study. There will not be any decisions made until I have had an opportunity to review the entire report of the committee which pulled it together, and to consult with them on any differences that I might have in perspective with them. Before I go to the Administrator with any recommendations, there will be full consensus throughout the Department on this.

Mr. PENNY. Could you indicate whether the consolidation of those offices at Philadelphia is recommended?

Miss STARBUCK. I have not seen the report yet, sir.

Mr. PENNY. You haven't seen the report.

Miss STARBUCK. No. All I know is they were studied.

Mr. PENNY. That question, though, was addressed in that study——

Miss STARBUCK. Yes, it was.

Mr. PENNY [continuing] And you will be reviewing that?

Miss STARBUCK. Yes.

Mr. PENNY. First of all, we are pleased that the VA hospital construction is in the recommendation for this year, but I am curious about the timetable for signing the contracts and moving ahead with construction. Can you give us an idea of how things are coming in that regard?

Mr. WALTERS. They are coming quite rapidly, as a matter of fact, but I am going to let the Office of Construction handle that question. Bill?

Mr. **Salmond**. We anticipate signing a construction contract in October 1983 for the foundations, the structural steel, and the outside skin of the building. A following contract would be signed some time in the spring of 1984 for the balance of the structure itself. We do not have an actual time frame for when we would finish the outside work and the parking and roadways.

Mr. **Penny**. We have a short construction season in Minnesota and there was some apprehension that by not getting this in the budget prior to now may have caused some delay.

Can you speak to that issue?

Mr. **Salmond**. There has been no delay, sir.

Mr. **Penny**. Mr. Chairman, I would ask just one further question. In the list of proposed State run nursing homes, how many of those are in the VA region that includes Minnesota?

Dr. **Custis**. I think we would have to supply that for the record.

Mr. **Penny**. Could we have that submitted, at least for my interest? I would like to see that proposal.

[Subsequently, the Veterans' Administration furnished the following information:]

In Minnesota there are State veterans homes in Minneapolis and Hastings and a VA Nursing Home Care Unit at St. Cloud. There are no proposed State homes for Medical District #18 in which Minnesota is located. In Region 5 which includes Medical Districts 18, 20, 22, 23 and 24 a new State home is proposed for Rifle, Colorado in Medical District 24.

Mr. **Penny**. Within the Veterans' Administration, do you compile demographic data in determining which homes will be submitted? It may be that some States are very interested in building lots of homes but demographically it wouldn't bear out there is a need. Do you try to make that kind of determination?

Dr. **Custis**. We now have data that will be very helpful in that regard. As a matter of fact, we are going to be getting together with the State Home Association directors this coming month and we will make every effort to have a closer rapport with them for planning.

Mr. **Penny**. OK. I would like to have an opportunity to meet with the staff in the department to talk about the proposed homes and any demographic data that you might have. We have a vacant hospital campus in Rochester, Minn., that has buldings that may be suitable for that type of facility. This is very preliminary, but I am curious as to where we stand in terms of other homes in the area and what the needs may be, and I would like an opportunity to talk to the staff in my office at some time about that.

The **Chairman**. Dr. Custis, when you submit that information for the record, you might send a copy to Mr. Penny. And whenever you don't have information and will be submitting it for the record, if you could make it a standard procedure that the individual Member that asked the question gets that information. I know we have a tendency to put it in the record and then the Member doesn't really get the information.

Mr. Harley Staggers from West Virginia, let the record show he was here and he had to leave.

Lane Evans of Illinois.

Mr. **Evans**. Mr. Administrator, as a Vietnam-era veteran, I appreciate your being an advocate for veterans of all our Nation's wars and conflicts. We certainly need one in your post. But I do have a few questions.

In the fiscal 1984 budget request for medical and prosthetic research, what is the total amount requested for prosthetic and sensory aids research?

Mr. **Walters.** Don, do you have that exact data?

Dr. **Custis.** May I ask Dr. Boren if he has those figures at hand.

Mr. **Walters.** It's a very good question, as you can see.

Dr. **Boren.** I would be glad to answer the question.

There is a total in rehabilitation, in 1984, of $9,322,000.

Was your question specifically how much is prosthetics?

Mr. **Evans.** Yes, and sensory aids.

Dr. **Boren.** It comes to approximately a third of that total budget.

Mr. **Evans.** Is that an increase, or is that the same amount as the previous year?

Dr. **Boren.** This is essentially the same as the previous year.

Mr. **Evans.** I have another question along the same lines that you may be able to answer.

I notice that there has been a decrease in the number of people employed in the area of medical and prosthetic research—at a time when the number of aging veterans is increasing dramatically, at a time when the cases of delayed-stress syndrome and other problems such as alcoholism are increasing.

How can you have a decrease in employment in this area and still maintain the high emphasis and priority on programs that you have listed?

Dr. **Boren.** Well, we are not able to maintain our current services in fiscal year 1984 because of the increases that were mentioned by Mr. Hoffman of some $6.8 million, so that we are below current services by $5,350,000. With that goes the decrease of the 170 FTE's.

Mr. **Evans.** How does the drop in employment occur? Does it come through attrition, or is it simply not replacing people?

Dr. **Boren.** Yes. This will be by attrition and nonhiring.

Dr. **Custis.** It occurs by reason of the fact that the only source of funds for absorbing uncontrollables is the personal service dollars. We have the FTE but we do not have the funds, because of that absorption, to hire 170 FTE's.

Mr. **Evans.** I have another question on a different subject. I note a decline in both beds and census next year for VA domiciliaries, which you project will be down to an average daily census of only 6,700. This program has shown a continued decline, and I find it is hard to believe, in light of present economic conditions, that this is due to a lack of demand.

What is the Administration's intent? To completely phase out this program?

Dr. **Custis.** I think you would have to view the domiciliary program in the whole context of options whereby we are providing care. For example, at the same time there has been a slight decrease in census in domiciliaries, there are some 5,000 veterans who have now entered into the residential home care program.

As you undoubtedly know, we have a lot of domiciliaries that are badly in need of renovation or replacement. Probably our biggest problem as regards fire and safety code violations is in the domiciliary area. In the last year, the whole domiciliary program has come under review in terms of what use will be made of it for tomorrow's aging veterans. And until the redirection crystalizes, we purposely have not in the last 2 years asked for any more construction funds for domiciliaries. We are ready now to go to the Administrator with some hard recommendations, and in the 1985 budget fully expect domiciliary construction to be resumed.

Meanwhile, there has been no purposeful reduction in census. That had been the case under previous Presidential guidance, but that guidance is now considered overtaken by events and what we see in the way of reduction is by attrition that is not purposeful.

Mr. EVANS. Thank you.

The CHAIRMAN. Following up on what you were talking about, Lane, this program of State nursing homes, community nursing homes, partially financed by the Federal Government, that is an excellent program. I notice we only have $18 million in this 1984 budget for that purpose. As far as I know, that is mainly domiciliary. But the State or the county or the city runs it and it has been an excellent program.

Mr. Administrator, I certainly wish you would look into that area, that we get the local community to bear a part of the cost and run the show, and the Federal Government pays about a half or two-thirds of the cost, it makes a lot of sense. It is what this administration is driving for, more State and local participation, but only $18 million is not much for State nursing homes in 1984.

Mr. WALTERS. I think, Mr. Chairman, that is a result of the question we had from Congressman Edgar, the fact that that data just didn't come to us. As we normally wait for that data to come from the States, it didn't get there.

Is that the right——

Dr. CUSTIS. I think the chairman is referencing the grants program versus the contribution toward per diem care.

The CHAIRMAN. Yes.

Dr. CUSTIS. The grants program does have some restrictions that the Congress might want to take a look at. Mr. Murphy just reminds me, for example, that we cannot provide more than one-third of any year's appropriation to any given project, in any given State.

There is certainly no reluctance on the part of the agency or DM&S to be anything less than an advocate of this program. I think the only explanation that we can give you is that in the annual budget cycle, with program priorities and the competition for funds, this program has leveled off at $15 to $18 million for several years now.

The CHAIRMAN. Thank you. We hear a lot of our problems are in the Office of Management and Budget on this, also. But it has a lot of merit to it and the States that have these nursing homes are satisfied. There are a number of States that have made application. I notice my own State, by legislative act, through the Mississippi Legislature, is on the list for one of these facilities. We have been on the list for 5 or 6 years, ready to fund our part, the site has already been selected, and we just don't get enough funding on it.

Mr. **Walters**. Mr. Chairman, I would like Mr. Hoffman to perhaps add a little bit to the answer.

Mr. **Hoffman**. Mr. Chairman, I do want to point out that in 1984 we plan to obligate $28.8 million, which is an increase of $15.5 million over 1983. There was a substantial unobligated balance carried into 1984.

The **Chairman**. So for new money, it is only $18 million?

Mr. **Hoffman**. That's correct, yes, sir.

The **Chairman**. Don Sundquist of Tennessee.

Mr. **Sundquist**. Thank you, Mr. Chairman. I appreciate the way you conduct the meetings. It is efficient and effective and I particularly appreciate the bipartisanship. Your concern for veterans is evident as is that of Mr. Hammerschmidt. You conduct meetings in a very effective way.

Mr. Walters, the President's submission with respect to the cost-of-living increase in compensation and pension payments calls for a 6-month delay, and that is going to save, obviously, many, many millions of dollars. The major service organizations, such as the DAV just this past week. have said they are not going to complain about the 6 month's delay, and I suspect that all veterans' organizations are saying the same thing, provided similar delays are applied to all other entitlement benefit programs. I think there should be no exceptions. But if there are to be any exceptions, the first exception should be the veterans.

If, in fact, the dike is broken and some entitlement programs are exempted from delay, what would be the cost to the veterans' programs? How much more would you come back and ask for if the dike is broken completely and we make an exception in other areas? How much more would it cost?

Miss **Starbuck**. In the compensation program it would be approximately $240 million, and in the pension program it would be about $113 million. That is what is shown as being saved by the 6-month delay.

Mr. **Sundquist**. So it would just duplicate and double that amount that is listed in the budget. Is that correct?

Miss **Starbuck**. It is a half-year's slippage in both programs.

Mr. **Sundquist**. If, in fact, there are exceptions made in other areas of the Government, do you intend to come back and ask for that?

Miss **Starbuck**. Yes, sir, we would.

Mr. **Sundquist**. Thank you.

Thank you, Mr. Chairman.

The **Chairman**. Thank you, and thank you for those kind words that you said.

Mr. Bilirakis of Florida.

Mr. **Bilirakis**. Thank you, Mr. Chairman.

Mr. Walters, I would like to very briefly repeat some of what I said yesterday during the meeting of the Subcommittee on Hospitals and Medical Care, and that is, I am so very impressed with the fact that you seem to really care for the troops, and I have spread that word among many of my fellow veterans in my district in Florida.

The image of the VA for years and years—and I say this from first-hand experience, having been a commander in The American

Legion for a couple of years, a member of the VFW—is that "who is the VA really for?" You know, are they really supporting whichever administration happens to be in power or are they really for the veterans. There is a bad image that must be dispelled, and I am very confident that you and Mr. Alvarez and your other good people are going to do that.

I will say the hearing yesterday didn't dispel it too very much in my own mind because there were basically negative comments to both of the points that were brought up—Puerto Rico and the Virgin Islands, as well as the per diem on the State veterans' facilities.

Now, to get on to specific questions, very briefly, I like the first sentence of your second paragraph where you say the goal seems to be to provide quality medical care which recognizes the unique needs of both the aging and younger veteran population.

Is the objective that quality medical care be made available to all veterans? Does the budget contemplate all veterans, or is the emphasis still going to continue for service-connected disabilities?

Mr. **Walters**. The emphasis will be as required by law, to the service-connected first. It is very strong legislation in that area.

Mr. **Bilirakis**. Yes. It seems somewhat unfair to me—and I know this can't be taken care of overnight. For instance, in my area of Florida, where we have such a large veterans population and you have so many veterans visiting from Pittsburgh and other areas—of course, they require medical care and they go to the hospital—but the emphasis is on service connected because of the crowded facilities there, particularly during certain months of the year. Yet I know there are many veterans' facilities in other parts of the country that don't have near the occupancy rate that ours do, and it seems that many veterans who don't have service-connected disabilities are able to get care there. It is somewhat unfair to the Florida veteran. I would hope we can continue to work toward that end.

The approximately $8 million which seems to be allocated for cemetery construction, is that contemplating a new cemetery in Florida, sir?

Mr. **Bannai**. No. Only advance planning funding will be used through fiscal year 1984 for Florida. I understand, through the courtesy of your office and the Congressman that represents the area in which we have two sites being considered, that unofficially we have identified the site which we will develop into a cemetery. As you indicated, there is a great number of veterans in that Florida area and we have two cemeteries which are closed. So with the official announcement, which we hope will be forthcoming, we will be able to proceed with the transfer of land.

Mr. **Bilirakis**. And that is the Withlacoochee site, sir, or are you at liberty to——

Mr. **Bannai**. Well, since it is unofficial, I can't say. We do hope that the Florida delegation will support that site, but whichever site we get we will develop.

Mr. **Bilirakis**. Thank you.

Thank you, Mr. Chairman. Thank you, Mr. Administrator.

Mr. **Walters**. Mr. Chairman, if I may, for the record, I would like to clarify the comment from the Congressman from Florida.

In yesterday's hearings—I don't know what happened because I wasn't in those hearings—but I can assure you that the VA has a significant concern for the veterans who are in Puerto Rico. I have been to Puerto Rico three times in the last 2 years and I know the National Guard people there and I know the concerns of the veterans in Puerto Rico. We are going to handle that problem accordingly.

You have to also understand that throughout this great Nation of ours there are needs of veterans in every State, in every local community, and the ability for us to manage our business inside the constraints that we have placed upon us through the Federal budget process is a very difficult matter, indeed. But we do have compassion and we are going to treat with dignity and respect those veterans in Puerto Rico. This study was about 45 days late. It did not make the 1984 budget, accordingly. It will be considered in the 1985 budget, and you can rest assured of that.

I think Dr. Custis has set the record straight on the State nursing homes.

Mr. BILIRAKIS. If I may, sir, very quickly, the proposed per diem increases—Mr. Edgar's bill is contemplating per diem increases for State veterans' homes. Is there any money in the budget for that? I know there isn't for construction, but I mean the per diem portion.

Dr. CUSTIS. No, sir. That's our problem, exactly.

Mr. BILIRAKIS. Thank you.

The CHAIRMAN. Following up on another matter that the gentleman from Florida brought up about the cemeteries, really the supervision comes under this committee for the Punch Bowl Cemetery in Honolulu and also the cemetery in the Philippines. Recently six members of this committee did look at those cemeteries and we were told that the biggest tourist attraction in Hawaii is not Pearl Harbor or the sunken battleship but is the Punch Bowl. More Americans and visitors from other countries go to the Punch Bowl Cemetery than any other place. So certainly we have to watch these cemeteries that are in our far away States and in other countries and see that they are properly cared for, plus the cemetery problems we have where the population is moving to Florida, for burial benefits for these veterans.

Mrs. Johnson of Connecticut, Nancy Lee Johnson.

Mrs. JOHNSON. Thank you, Mr. Chairman.

I, too, want to say, Mr. Walters, how pleased I am that you have taken on these new responsibilities and, in addition, how pleased my veterans are, and the good sense of rapport that you have already developed in really a very short time.

I want to ask you a couple of questions about the money that is in the proposed jobs program for the VA. First of all, were you contacted about this before that item was put in the jobs program?

Mr. WALTERS. Yes, I was consulted with OMB—on a very general basis, I might add, without any specific detail being discussed.

Mrs. JOHNSON. Could you tell me what kinds of projects that $100 million would fund and what time frame you would be able to implement that funding? How soon could you let the contracts; how soon would there be an effect on employment? It is both the time frame and detail of the project I am interested in.

Mr. **Walters**. We would hope that those funds would be dedicated to those labor-intensive projects which need to be done in the VA system. Specifically, the backlog on maintenance and repair should be reduced, which are labor intensive. So we would probably direct a good deal of the funds in that area.

Mrs. **Johnson**. Within what time frame? How would you allocate it to the system and within what time frame would you expect that work to begin?

Mr. **Walters**. I am going to ask the Office of Construction to answer your question.

Mr. **Salmond**. The maintenance and repairs is handled by the Department of Medicine and Surgery. I would like Mr. McCracken to respond to that.

Mr. **McCracken**. Most of the work would go into nonrecurring M. & R. programs. Normally, this takes somewhere between 60 and 90 days to get the projects out to the field, to contact particular people, whether it be a small business set-aside or whether it would be to allow contracts with local people. We would mainly be doing high-intensive labor projects, which would be cleaning, painting ceilings, walls, roadways, which would not require intensive specifications and could be put out very rapidly.

We also have a small problem with that. If you put it in the nonrecurring M&R account, those are limited by fiscal year. We would request that consideration might be given in this jobs program to making it 2-year money. That would help us expedite it.

The other angle in this is, there was discussions about minor construction programs. That is not as rapid a turnaround program as the nonrecurring M&R, but we could surely use some funding in the design phase of that which would accelerate a lot of these projects at least 6 months. That's minor construction.

Mrs. **Johnson**. What kind of funding would you be able to utilize there, in the minor construction design?

Mr. **McCracken**. I don't think we have a figure yet.

Mr. **Walters**. The final details have not been worked out.

Mrs. **Johnson**. I would be interested in knowing, roughly, what kind of design money you could use there. Thank you.

Mr. **Hammerschmidt**. Would the gentlewoman yield?

Mrs. **Johnson**. Yes.

Mr. **Hammerschmidt**. Do you plan to submit a proposal to where you could have 2-year money, where you wouldn't have to expend it in 1 year, or is that being discussed?

Mr. **Walters**. It is being discussed. We will make that decision here in the next couple of weeks.

Mr. **McCracken**. Minor construction and major construction is nonyear money, but the nonrecurring M&R is part of the annual appropriation and would be limited until the end of September.

Mr. **Hammerschmidt**. Thank you.

Mrs. **Johnson**. Thank you, Mr. Chairman.

The **Chairman**. Thank you, Mrs. Johnson.

Bill Richardson of New Mexico was here and had to leave. Bob McEwen of Ohio had to leave.

Now the Chair recognizes Dr. Rowland, the gentleman from Georgia. He spoke at the prayer breakfast this morning and certainly did an outstanding job. Thank you for taking on that extra task.

Dr. **Rowland**. Thank you very much, Mr. Chairman.

I certainly am delighted to see the increased moneys that are going to be available this year, this upcoming fiscal year. This question may have been asked before I came in, and if it was, I apologize. But on page 9 of the handout that was given, the budget handout, there is a decrease in the caseload for Vietnam era veterans. Could somebody give me an explanation of that?

Miss **Starbuck**. That would be those Vietnam era veterans, Congressman, who have passed the delimiting date for their educational benefits, which is 10 years following the date of discharge. We do have historically that experience in decline.

Mr. **Rowland**. Thank you very much.

I have no further questions, Mr. Chairman.

The **Chairman**. Thank you.

Mr. Martinez was here and he had to leave.

The Chair would like to recognize Dan Burton of Indiana.

Mr. **Burton**. Thank you, Mr. Chairman. I heard that you are a very punctual person and I'm going to try to be on time from now on.

Mr. Walters, you may have touched on this previously and because of my tardiness I might have missed it. I have a large number of Vietnam veterans in my district and they brought to my attention the problem of agent orange. In the Indiana General Assembly last year I worked on some legislation to deal with this problem at the State level. What is being done in that area? Are studies being conducted and, if they are, how far along are you, and when could I get a copy of any report that may have been made so I could give them some kind of an answer?

Mr. **Walters**. We will supply you with all the research and data that we have available to us.

[Subsequently, the Veterans' Administration furnished the following information:]

The Veterans' Administration is and has been conducting several types of activity in response to the veterans' concerns about agent orange to which they may have been exposed in Vietnam. These include provision of a medical examination of more than 10,000 concerned veterans and their enrollment in an Agent Orange Registry, treatment of any medical condition that may be related to exposure to agent orange, collection and dissemination of agent orange information and the funding and conduct of scientific studies in this field.

The VA has an interagency agreement with the Centers for Disease Control (CDC) in Atlanta to complete the design and to conduct a major epidemiological study of the effects of agent orange on the health of Vietnam veterans exposed to it. The CDC expects completion by 1987.

The VA has been closely following the Ranch Hand study by the Air Force. The Ranch Hand veterans were fliers who handled and sprayed agent orange in Vietnam and who had intense exposure to it. Reports of this study are expected later in 1983 or early in 1984.

The VA is planning, conducting, participating in, and closely following research on agent orange effects. We published in 1981 a very extensive "Review of Literature on Herbicides" and are in the process of obtaining an update of that review. The update should be available in the spring of 1984.

Veterans are much concerned that agent orange may cause them to produce defective children. The VA is partially funding a study of birth defects in the children of Vietnam veterans also being conducted by the CDC. Its completion is expected in 1984.

A study of the rate and causes of death in Vietnam veterans is projected for completion in the spring of 1985 as is a study of the amount of dioxin or TCDD, a contaminant of agent orange, in human fat tissue. The latter work, being conducted with the Environmental Protection Agency, will define differences, if any, between Vietnam veterans and others with respect to the TCDD in the body. The VA has underway 10 individual scientists' projects working on fundamental problems of TCDD activity.

A study of identical twins, one of whom served in Vietnam, is now in the planning stage and is expected to detect small, as well as great, health differences as a consequence of Vietnam service. The research will not be completed until 1986.

The VA has an active research program from which the findings will be forthcoming over the next several years. The field is a difficult and time-consuming one to study, but the VA will continue a vigorous pursuit of research findings to address the issues surrounding possible health effects of veterans' exposure to herbicides in Vietnam.

Mr. WALTERS. Agent orange is a very complex issue. I am not so sure I can cover it all for you this morning, but perhaps Dr. Custis would like to bring you up to speed on the Centers for Disease Control's memorandum of understanding which we have right now.

Dr. CUSTIS. Just referencing the major studies, and not including other research projects that are underway, there is promise of some meaningful output this coming fall when the Ranch Hand Study by the Air Force is finished and when the Centers for Disease Control completes their birth defects study. As a matter of fact, I think that is due before the fall.

There is a study coming out of Australia, incidentally, on birth defects that is expected at any time now. The large study, the epidemiology study, which recently the VA, with this committee's recommendation, transferred to CDC, the output from that major effort will not be available probably until the fall of 1987.

Another significant study that we have underway, namely, the Twin Study, may have some preliminary data considerably in advance of the epidemiologic study.

I would ask Dr. Jacoby if he can think of anything more to add to that.

Dr. JACOBY. There is, in addition, a little over a million dollars in our normal research funding that funds approximately 10 programs that are directly in relationship to the effects of dioxin, in addition to what Dr. Custis has mentioned.

Mr. BURTON. I would just like to make one comment, if I may, before I ask one more question. There seems to be a lot of frustration among my constituents who are Vietnam veterans, because it seems like there is a never-ending series of studies that are going to be conducted before there is any action taken to help them out. I hope that you, as the new Administrator, will do whatever is possible to speed up this process because we have a lot of fellows out there who are experiencing all kinds of difficulties—I won't enumerate all of them—which may be because of agent orange and they would like to see some quick action. They feel like 1987, 1988, and 1989 is a little too long to wait.

Mr. WALTERS. Mr. Burton, if I may interrupt for just a moment, I would like to have you over to the VA for a briefing on agent orange, to show you precisely what the Vietnam veteran is entitled to by law. The translation of that through the media is not very good and I think we need, through you and your offices, need to insure that the proper information is getting to the Vietnam veteran and try to allay any frustrations they may have, notwithstanding the studies that we have on line. We would be pleased to do that.

Mr. BURTON. I would appreciate that very much.

The next question is, What is your feeling toward a peacetime GI bill as an inducement for possibly additional recruitment and retention of peacetime soldiers, and if you are in favor of that, who would you suggest administer the program, the Veterans' Administration or the Department of Defense, and can you give me some idea of what you think the cost might be if we were to have a peacetime GI bill?

You may not be prepared to answer that today, and if you aren't, we'll understand. You might want to give us that answer at some future point.

Mr. WALTERS. I would be happy to submit that for the record.

[Subsequently, the Veterans' Administration furnished the following information:]

The Administration opposes the enactment of any new G.I. Bill education program or any major changes to the existing program at this time. We believe that such an action would be premature as we are informed that the current Department of Defense recruitment needs are being met with the existing recruitment incentives, including the present educational benefits program.

The CHAIRMAN. Even though the gentleman's time is up, that is certainly a good question. [Laughter.]

Mr. BURTON. I knew the chairman would like that.

Mr. WALTERS. Are you sure you didn't put him up to this, Mr. Chairman?

The administration's position on a peacetime GI bill is that they do not at this time, although they favor it in principle, they do not favor it in practicality because the Defense Department has concluded that it is not necessary as a recuitment and retention tool at this point in time. I happened to have some involvement in that in the working groups for the Manpower Task Force that the President created in 1981, so I have more than a passing interest in it, and Chairman Montgomery does, too.

I would be happy to supply that for the record.

The CHAIRMAN. Let me follow up on that for the gentleman.

We have introduced H.R. 1400, the same number that we had last year, for a peacetime GI education bill. Last year we did report a bill out of both this committee and the House Armed Services Committee, to which it was jointly referred, where the cost would be shared by the Veterans' Administration and by the military. It was watered down some from the bill we originally introduced.

I think you will find out that certainly, if we ever do get a GI education bill, we want the Veterans' Administration to administer it. They have been doing it for years and it would make more logical sense to keep it right there.

I asked General Meyer, the Chief of Staff of the Army, only yesterday in the Armed Services Committee, since we are not giving the pay raises—it has been delayed for a year for the military—and the cost of this bill is in the outyears, that for retention and for more quality coming into the military services, that they might consider the GI education bill for this fiscal year to attract more quality into the military. He said he would take it under advisement. He seemed to have an interest in it. This might be an option for the military, since they will not have a pay raise, I assume, in this next fiscal year, that this could take the place of the pay raise. It is still alive, but until the administration says they need it, we will have a hard time ever getting a GI education bill.

I believe the gentleman's time is up, and I took a lot of it. I recognize the gentleman from Florida, Mr. Mica.

Mr. MICA. Mr. Chairman, before you start my time, is it true that the "last" member gets double time? [Laughter.]

The CHAIRMAN. We will pay you double time.

Mr. MICA. I might say first to my colleague from Florida, I have contacted the chairman of our subcommittee, Mr. Shelby, about coming down to Florida for some hearings on our cemetery needs. Maybe we can both corner him on the floor this week or next week and get him to agree to do that.

Mr. Walters, welcome to the Veterans' Administration, to Washington. We are glad to have you. I have one first question—Have you ever been to Florida?

Mr. WALTERS. I was a resident of Florida for almost 5½, 6 years, at Pompano Beach and Coral Gables, so I know all about your great State.

Mr. MICA. That is great. You're the first one who has ever answered that the right way first. [Laughter.]

You know, notwithstanding the decline nationally in the number of veterans—and there is a decline and you projected it—Florida is just building as rapidly as can be. You are probably aware of this. I know Dr. Custis is, who has been here many times when I have said this. We have over 1½ million veterans in Florida. And with this national decline, right now we're having 5,000 veterans a month moving into the State of Florida every month. It continues to grow and grow and grow.

We have a study that was done by the VA—we authorized it in this committee—that pointed out greater needs than I have been saying here for the last several years. One statistic that I think is important: the veterans' population, 65 to 74, according to your study, will grow, in the face of national declines, in Florida by 550 percent, and over the age of 75 by over 775 percent.

Now, given your statistics again in these age groups, these veterans need three and four times the care than the general veterans' population. Our crisis is real. We really do have a problem. I really would like to invite you to Florida to see a little bit of what our problem is. But, more importantly, that study did come to the Congress. We have had a chance to review it. They laid out some recommendations, and I would like to know if there are any actions taken in this budget to implement those recommendations, if not, why not, and if not now, when?

Mr. WALTERS. Well, I have already been to Florida. I went down to Florida to dedicate the new nursing home in the Tampa Hospital, so we are not sitting on our hands. Dr. Custis and I are going to dedicate the Bay Pines Hospital as well in mid-March. So it is not that Florida has not been considered in the VA's plans. It certainly has.

I share with you your concerns. There is a growing veterans' population in the State of Florida. It is part of the demographic studies, that we are now trying to find out where the veterans are, where they're moving, where the facilities should be, as we deal with the aging veteran particularly. The State of Florida will be duly considered, you can rest assured.

Don, perhaps you would like to add something to that.

Dr. Custis. No, sir. I think that tells the story.

I understand Mr. Mica, you really haven't slept well since you received that report.

Mr. Mica. We have had some concerns. I think the report, if anything, in my own estimation—and we have done some of our own studies, as you know, over the last 4 or 5 years in Florida—I think is very conservative. Where it has called for 1,000 additional beds, we think that is conservative. Where it has projected certain growth figures—in fact, in my own district, some of the growth figures that they're talking about for the next 10 years we anticipate by the end of next year. That's how conservative it is. But it does, indeed, point out some tremendous needs there.

Will we be able to implement any portion of that this year, or start to implement it?

Dr. Custis. Mr. Walters will be receiving not only the Florida data but the MEDIPP input for the entire country the first part of March. We will be immediately into the 1985 budget planning.

Mr. Mica. I would just like to add—I planned not to use all my time, particularly on your first visit, just to say thank you for coming, and this is a good budget. Being from Florida, being at meetings here, veterans come up day after day saying "I'm planning to move to Florida." Members of Congress, all of their parents and grandparents and their sons and daughters are moving to Florida. The problems of the Nation are highlighted in Florida and then are reflected back on the Nation at large and here in Congress. We do have a serious situation and we know you are looking at it. I just wanted to take this opportunity to——

Dr. Custis. You should know that as we brief Mr. Walters and describe problems to him, he interrupts us and tells us to use the term "opportunity," not problems.

Mr. Mica. Well, we have some great "opportunities" in Florida, let me tell you.

Thank you for being here.

Mr. Walters. Mr. Mica, you should know, also, that I moved from Coral Gables, Fla. to Nina, Wis., in the middle of winter. It shows I have very poor judgment, quite obviously—not that Wisconsin is not a great State, I might add.

Mr. Mica. After this stint you will probably live back in Florida and we will be there to take care of you.

The Chairman. Thank you.

The Chair recognizes Mr. Richardson as our last Member this morning.

Mr. Richardson. Mr. Chairman, I'm sorry I had to come in and out.

Mr. Walters, I wanted to ask you two broad, philosophical questions that are not related necessarily to budget items. But one of my particular concerns is the Vietnam veteran, and I applaud you for your commitment to try to do something to ameliorate the state of a very forgotten veteran. In this connection I would like to ask you two questions, one in regards to your philosophical view of the Vietnam Outreach Centers.

I have been distressed with recent VA policy in the last year to consider these, I guess, unworkable or unresponsive. I have one or two in my district which have performed very capably. I come from a district that is largely Hispanic and Native American, very rural, where many Vietnam veterans, for whatever reason, have moved or have stayed in my district. And the second question relates to a subject that I think may have been touched on, and that is, what is your philosophical view in terms of VA's commitment toward agent orange.

I hear a tremendous amount of different views of philosophically what the VA's responsibility is in this connection. I wonder, since you are new in this job, how would you address those two issues.

Mr. **Walters**. Well, I have addressed both of those issues pretty broadly in my Senate confirmation hearings. I would be happy to do it for you again.

First is the Vietnam veteran. On a broad, philosophical basis, I must share with you that I think the Vietnam veteran, in the decade of the eighties, is going to have much more esteem, both in the public's eyes as well as his own, than he did in the seventies. That, in itself, is a great burden off of the Vietnam veteran. In my speeches across the country, I have a tendency to accentuate the positive about the Vietnam veteran, because we have a lot of positives to accentuate.

Notwithstanding that, there are some Vietnam veterans who are in need of help. The VA's responsibility is to deliver that help, when practical and when possible, and we will continue to do that.

On the agent orange issue, the law is quite clear on what the VA can do. We are, indeed, to the best of our ability and, in my opinion, after 60 days, are doing the best that we can to provide the health care to those who have presumed to have some connection from agent orange from their exposure in Vietnam. That health care is being provided. Physical exams are being provided, and a register is being kept as to what veterans have espoused complaints on that.

Now, the area in contest is the compensation area for agent orange. The law does not provide for the Administrator of Veterans' Affairs to presume that there is a connection between agent orange and a disease at this point in time when a relationship is not medically proven. As a result of that, the Administrator finds himself between a rock and a hard spot on this issue because the law does not provide for him to do that. The medical evidence to this point in time, in general, is not supportive of the argument that there is a definite connection between the two. This, indeed, is where the problem lies. The problem is how fast can we get this research done to get the answer to the Vietnam veteran that he so richly deserves to have, because I think there are genuine concerns out there about whether or not agent orange is harmful to the Vietnam veteran himself.

I have a great regard for that concern, and this agency will do everything it can under the law to respond as quickly as it possibly can to his needs.

Don, perhaps you would like to add to that.

Dr. **Custis**. No, sir. I think you have stated it very well.

I would only say that your reference, Mr. Congressman, to the last few years, that our attitude isn't what it might be, I assure you that we are very proud of and consider the Vet Centers are working extremely well. The 136 in-house Vet Centers have been augmented now by over 400 under a contract. The demand on the Vet Centers continues. We see no let up in the foreseeable future, and we are very proud of that program, and very committed to it.

Mr. **Richardson**. Let me be specific.

You are familiar with the Vietnam Outreach Centers that you have set up——

Dr. **Custis**. That's what I am referencing.

Mr. **Richardson**. Why is it that all I hear from the directors of my Veterans' Outreach Centers is that they are expecting reductions, expecting termination. I know Mr. Edgar is going to take some leadership in this area. I mean, if you say you have a commitment, why don't we make a commitment that we're going to keep these, that we're going to maintain these, that we're going to invest in these?

On agent orange, I accept the good will of the Administrator, but nonetheless, I don't think it is enough to say "well, we're exploring; medically, we're trying to test this." I see a lot of agony out there and I see time running out. I think most of the initiatives on agent orange have been taken by this committee and by the Congress.

I am just concerned about the pace. I see a lot of men and women who have served in Vietnam losing hope. I am just trying to get some kind of a timetable.

When is this research going to conclude something? What are your long-range plans to treat Vietnam veterans in some of these centers? I mean, I'm trying to get specific.

Mr. **Walters**. We would be happy to brief you indepth on all of that, at your convenience and ours, to bring you up to speed on each and every one of those issues. I would say there is plenty being done.

One of the real problems the agency has is the fact that people don't know the answers to the questions which you just asked. So the first thing we want to do is make sure you know what those answers are, so that you can translate as the responsible agency of the Government, to your constituents, as to what the agency can do and is doing about agent orange and about the Vet Centers.

I have visited two Vet Centers. I haven't had a chance to get to any more yet. The two Vet Centers I visited were well run, well managed, and I saw no paranoia in either one of those Vet Centers. There are some Vet Centers that are not so well run. Like any other organization, as large as it is, there will be good people and bad folks running Vet Centers. Where the people are good, the program is very good. Where the people aren't so good, the program is not as good as it should be.

The agency's position is to study this matter and come back to Congress by April 1984, with a recommendation as to whether they should continue (a), or (b), if they should continue inside the hospital structure system of the VA. Those answers now are—I think Congressman Edgar is going to introduce legislation giving us one more year to make that determination. But the process of making that determination is on, the study is being conducted, and these answers should be forthcoming.

Mr. RICHARDSON. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

We have another panel and we certainly want to hear from them this morning. I know they will be as brief as possible.

I think it has been a fine hearing this morning, Mr. Administrator. I think a lot of good questions were asked and a number of points were covered. I think it is beneficial mainly to the veterans.

Thank you very much.

Mr. WALTERS. Thank you, Mr. Chairman.

The CHAIRMAN. I would like to ask our next panel of witnesses to come forward. These are the different veterans organizations. I will let counsel read these names.

Mr. FLEMING. Mr. Don Schwab of the VFW, Paul Egan, the American Legion, Bob Lyngh of the American Legion, Peter Currier of AMVETS, Butch Joeckel of the DAV, and Jack Powell of the Paralyzed Veterans.

The CHAIRMAN. Don Schwab, the director of the national legislative service, VFW, will be recognized. We are glad to see you gentlemen back again to start a new session. We are all close friends, and thank you for giving us this opportunity.

STATEMENTS OF DONALD H. SCHWAB, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS, ACCOMPANIED BY PAUL S. EGAN, DEPUTY DIRECTOR; ROBERT E. LYNGH, DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION; PETER B. CURRIER, DEPUTY NATIONAL SERVICE AND LEGISLATIVE DIRECTOR, AMVETS; CHARLES E. JOECKEL, JR., DEPUTY NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; AND R. JACK POWELL, EXECUTIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

STATEMENT OF DONALD H. SCHWAB

Mr. SCHWAB. Thank you, Mr. Chairman.

My name is Donald H. Schwab and it is my privilege to serve the more than 1.9 million members of the Veterans of Foreign Wars as their national legislative director.

Mr. Chairman, I will not belabor you with a recitation of the dollar amounts in the VA budget. Suffice it to say, it is slightly over a billion dollars more than that of the current year. We think it is a good budget. We think the President has reconfirmed his commitment to our Nation's veterans. However, this is not to say we do not have some concerns with the budget, and we do have some.

We are concerned with the average daily patient census being reduced by 1,000 in the VA hospitals. We question the wisdom at this time of reducing domiciliary care, outpatient fee care programs, and contract hospital care. We regret that budgetary restraints require the reduction of personnel in medical and prosthetic research.

I think the Vietnam veterans are being asked to carry an unfair burden of cost savings. We oppose the proposal to eliminate correspondence courses for Vietnam veterans, particularly those who are housebound, those still on active duty who are at sea or stationed in remote and isolated areas. Again, we think it is unfortunate that once more there is no provision for any cost-of-living increase for veterans availing themselves of the GI bill.

You will recall the last increase was by Public Law 96-466. It granted 5 percent effective October 1980, and 5 percent in January 1981. Dorothy Starbuck mentioned the other day in a briefing they were considering a cost-of-living increase in the 1985 budget. Of course, then we're talking about the 1984-85 school year.

The most sensitive portion of the budget is the delayed cost-of-living increase in the benefit programs. The VFW supports this. It is necessary to maintain the integrity of all programs due to the skyrocketing deficits. Of course, this is with the caveat that, if any Federal beneficiaries are exempted, then it's a different ball game. We would fight it to the bitter end if veterans and their survivors are subjected to a delayed increase while others are not.

Yesterday at the Senate hearings, Senator Domenici came before the committee and stated that that was his position, that the delay would be across-the-board and if there was any exemption at all it would be among veterans.

Having stated the foregoing, Mr. Chairman, we think the budget is a very good one in view of the financial condition in which the nation finds itself. I would point out the enormous growth in Federal spending is most graphically illustrated when one keeps in mind that the proposed deficit for 1984 of $188.8 billion exceeds the entire Federal budget for 1969, which was $184.5 billion in outlays.

I will be happy to respond to any questions you may have.

[The statement of Donald H. Schwab appears at p. 65.]

The CHAIRMAN. Thank you, Mr. Schwab.

I think we will hear from the other witnesses and then recognize members for questions. But I think generally we agree with you on the idea that, where the administration is recommending a change in the matching formula for disabled veterans, I think this committee certainly would oppose that. We appreciate your remarks here today.

Mr. Egan, deputy director of the National Legislative Commission, The American Legion.

Mr. EGAN. Mr. Chairman, Bob Lyngh, the director of our Veterans' Affairs and Rehabilitation Commission, is going to summarize our statement. However, there is one remark that ought to be made, recognizing this is the first public forum that we have had an opportunity to let you know how happy we are that you're back as Chairman of this committee.

The CHAIRMAN. I am, too. Thank you.

STATEMENT OF ROBERT E. LYNGH

Mr. LYNGH. Mr. Chairman, The American Legion appreciates the opportunity to present its views following an initial appraisal of the President's proposed budget for the VA for fiscal year 1984.

It is the opinion of The American Legion that the increases proposed by the administration are reasonable and that they reflect the needs for the funding of veterans programs in the face of a continuing inflation rate of 4 percent, and in difficult times for the operations of the Federal Government.

The American Legion is pleased and appreciative of the consideration the administration has given to the Nation's veterans at this time.

Let us say that if we consider the allocations for VA to be reasonable, we must go on to say that it would not be possible to fund veterans programs at any lesser amounts if they are to fulfill the purposes for which they were set in place.

According to our initial calculations, the VA budget will approximate 2.9 percent of the total Federal budget. We do not believe this is an unreasonable amount for the Nation to spend on veterans programs. The percentage spent on veterans has continued to decrease consistently since the end of the Vietnam war.

The American Legion is appreciative of the proposed 5.1 percent increase in compensation for the service disabled, and it is expected the indexation of the pension program will result in a 5.1 percent increase in that benefit program, as well as for the survivors of the service-deceased.

The budget indicates the administration will submit legislation that would defer the 5.1 percent increase for both compensation and pension for 6 months, and we understand this is in accordance with the President's proposal to Congress that all Federal entitlement programs be deferred for 6 months as a cost saving measure.

The American Legion does not want to see these deserving and needy elements of the veteran population deprived of benefits they clearly need. The American Legion is also aware of the serious fiscal problems that confront the Federal Government, and that both the President and Congress must deal with.

For that reason, and because veterans are perhaps the most responsible element of the American social structure, we of the Legion will accept the 6-month delay in needed increase in the entitlement programs, with one very important proviso: there is only one way that veterans can be asked to make such a direct personal sacrifice, and that is if the same sacrifice is asked of and accepted by all other categories of Federal beneficiaries. If either the administration of Congress begins to make exceptions to this plan, then the Legion's position is that veterans should be the first to be excepted. It is the position of The American Legion that no other category of Federal beneficiary has an equal claim upon the Government as do the Nation's veterans who have already made the greatest contribution to the national welfare, through military service in time of war.

We note one benefit program that has a particular need that is not addressed by the proposed budget. That need is a cost-of-living increase in the subsistence allowance for those veterans in training in the vocational rehabilitation and readjustment programs. These subsistence allowances were last adjusted by Public Law 96-466 and were effective on January 1, 1981. It is estimated that during the past 2 years the cost of higher education has increased 15 percent. The current subsistence allowances do not reflect that escalation.

If the Government is to complete its responsibility for the readjustment of the returning servicemen and women of the Vietnam era, then it must make a necessary adjustment in the subsistence allowances.

We would like to suggest the committee look into the hardships being caused by delays proposed in the first of the month payments to those receiving benefits under paragraphs 29 and 30 of title 38.

There is another benefit concerning which we must speak to the committee, and that is the burial benefit. This benefit, previously made available to the survivors of all honorably discharged war veterans, was lost in the Omnibus Budget and Reconciliation Act of 1981. The American Legion objected to that loss at the time it was accomplished. It was wrong to take that benefit away from veterans and it should be restored as a matter of equity on the part of the Government.

Mr. Chairman and members of the committee, in this statement we have commented only superficially on the comprehensive budget proposals of the administration for the Veterans' Administration. We commend our full statement to the committee's attention. We of The American Legion say again, as we have said before, that the concern of the Nation, as expressed by the Congress, for the welfare of those who have served, will inevitably have an effect on the enthusiasm with which American men and women will respond to future calls to hazardous service in the national interest. For that reason, the VA budget is certainly one of the most important to which the Congress will address itself during this year.

We thank the committee for its time.

[The statement of Paul S. Egan appears at p. 66.]

Mr. PENNY [presiding]. Thank you, Mr. Lyngh. The entire testimony of The American Legion will be submitted for the committee record.

If there are questions, we would appreciate it if you would stay. There are some committee members here who still may want to ask questions of you or the others on the panel.

With that, we will move along to Mr. Peter Currier, deputy national service and legislative director, AMVETS.

STATEMENT OF PETER B. CURRIER

Mr. CURRIER. Thank you, Mr. Chairman, for the opportunity to appear before you today to offer our comments on the proposed VA budget for fiscal year 1984.

At the outset we would like to comment that we very much appreciate the diligence of the newly established Administrator and his staff in putting together what we feel is conceptually a sound budget which evidences a strong desire to provide adequately for the needs of the veterans of America and their dependents and survivors.

Overall, while we view the budget as sound conceptually, we do have some reservations which we would like to state now, most primarily regarding correspondence courses. We do not view favorably any cuts in the correspondence course program, since for many now home study is the only way in which they can improve themselves. For many, it is a matter of survival to continue with their work and, therefore, their evening hours and off time must be dedicated to this betterment of their stature in life.

Regarding female care, we feel the VA has done well in this area. We have canvassed our national service officers and they state that most generally in their area the Veterans' Administration does provide well for the female veterans. We are pleased to see the Administrator has called in outside help to look over the needs of the female veterans, both now and in the future, and to make any improvements thereto.

We are concerned that the Vietnam Veterans' Readjustment Act be preserved and extended, if possible, and also with regard to the delay for the cost-of-living adjustments, we understand that veterans must necessarily share their part of the sacrifice of the American people. However, again, we would also hope that the other entitlement programs will likewise share a delay in their increases.

Regarding construction programs, we are pleased to see that the Veterans' Administration has undertaken a process of self-examination in an effort to make the best possible use of the dollars available to them. I think this is an evidence of the new Administrator's intentions to provide the best possible service for veterans everywhere.

Mr. Chairman, we would underline the fact that this budget is very important to Americans everywhere. While often we speak to the 30 million veterans who are affected, when one considers the dependents and the survivors, nearly 84 million Americans, or 38 percent of the total American population, are affected. This is to underscore the importance of this budget and the fact that while we view it in a positive nature overall, we will continue to work with this committee and the Administrator in a position of advocacy as needed.

We are concerned with the geriatrics planning because the Veterans' Administration evidences in its figures a declining caseload. We do not feel yet that the full impact of the second largest group of veterans, that is, the Vietnam veterans, has been felt by the Veterans' Administration. The average age among veterans now is 50.9 years, and we would hope that both now and in the future the Veterans' Administration will in their budget provide adequately for the needs of the aging veterans population.

Thank you, Mr. Chairman.

[The statement of Peter B. Currier appears at p. 71.]

Mr. PENNY. Thank you, Mr. Currier. We will submit the full text of your testimony for the committee record.

Next is Mr. Charles Joeckel, deputy national legislative director for the Disabled American Veterans.

STATEMENT OF CHARLES E. JOECKEL, JR.

Mr. JOECKEL. Thank you, Mr. Chairman.

Like you and all the other veterans' organizations, we have some concerns, but certainly the VA budget request for fiscal year 1984 is, in the overall sense, a good one.

I would just highlight some of the things that we have recommended in our statement.

With respect to the cut in DVB, we are asking that, if a reduction has to occur, that at least the VA take a look at how they are going to administer the reduction. Certainly a cut in personnel at

St. Petersburg, with their large caseload, would have much more of an adverse impact on that office than, say, other areas where the workload isn't as high.

In the area of medical care, we are asking that, perhaps, the VA ought to start looking at conversion, within particular hospitals of those beds that they schedule to close, converting unutilized beds to nursing home care beds, as they are doing in a project in Alexandria, La.

Mr. Chairman, we think that the overall research budget for the VA is too low. Our particular concern has to do with rehabilitation research, which encompasses various programs for amputees and service-connected disabled veterans. VA is asking the rehabilitation research part of the budget to sustain nearly half of the cuts necessary for next year, even though this budget only makes up 10 percent of the overall VA research funding.

Looking at the testimony presented yesterday by Dr. Boren before the Senate committee, he indicated that 190 projects would be cut out of biomedical research and only 8 out of rehabilitation research. But when you take a look at the fact that research projects in biomedical research number about 5,000, and there are only 78 in rehabilitation research, you find a disparity in that biomedical research sustains a 3-percent cut, while rehabilitation research takes a 10-percent cut. We are asking for additional funds to be added to VA's rehabilitation research program.

With respect to the legislative proposals in the budget, we are not objecting to the proposals set forth. We have some minor concerns which we will raise when specific legislation is brought before the committee. I do know that the committee will recommend to the Budget Committee proposals for next year and will ask for funding for the initiatives the committee wishes to enact. In this regard, we hope you will keep in mind our priority legislative goals, and particularly we are requesting the restoration of about $6 million to restore paragraph 29 and 30 benefits which were adversely affected last year by legislation changing the effective dates.

Finally, with respect to the outyear proposal, as our national commander mentioned the day before yesterday, we are certainly not delighted with the scaling of compensation increases in the years ahead, although we are accepting the delay in the effective date of the comp increase for next year.

In the full test of my testimony you will note that we have commented on employment programs throughout the Federal Government for veterans. Rather than touch on those, I will submit my testimony for the record.

Thank you, Mr. Chairman.

[The statement of Charles E. Joeckel appears at p. 73.]

Mr. PENNY. Thank you, Mr. Joeckel. Your full text will be submitted for the record.

Next is Mr. Jack Powell, executive director of the Paralyzed Veterans of America.

STATEMENT OF R. JACK POWELL

Mr. POWELL. Mr. Chairman, it is always a pleasure to appear here on behalf of the Paralyzed Veterans of America.

When you come in this position on the agenda, where we frequently find ourselves, it is kind of like being the screen credits for "The Longest Day." It doesn't matter how artfully it is done; it has all been said before.

We are pleased with the VA budget for this year. We are pleased with the fact that it seems that after many years of diligent effort by this committee on behalf of the veterans somebody is listening. We are pleased with the way that Mr. Walters, the new Administrator of the VA, has worked toward this budget and toward resolving some of the traditional problems that the VA has always had with the Office of Management and Budget.

There are several points, however, that are of concern to us. Certainly we would like to underscore the statements of the DAV about the VA prosthetics research funds. We have testified in other hearings before this body on the fact that the VA led the entire field of prosthetics, not only in America but in the world, for many, many years after World War II, and it has fallen from that role of leadership. That failure to provide leadership for the needs for prosthetics and orthotic devices for disabled, not only veterans, but for disabled members of our society, has left quite a void. We don't want to see a greater diminution.

We are concerned about correspondence training. For many, many years the VA has participated in correspondence training and we have always thought it was a valuable and a viable method of providing education and training to individuals who could not participate in the more traditional structured institutional programs. It comes to us as somewhat odd that, at this time in our history, when technology has advanced to the extent in which people are able to participate, interact, and learn in their homes or in noninstitutional environments to a greater extent than they ever could before in our history, that we now talk about putting an end to correspondence training.

Correspondence training today, with interactive computers, cable television, with word processing equipment and everything else, which is evermore moving into the home environment, is a much more viable solution today and tomorrow than it ever was last week. This doesn't seem to be the time to move away from it. It seems to be the time when this form of education can be substantially more cost effective, because we need not any longer invest the money to maintain the huge institutions that constitute classrooms and laboratories and all that type of thing when we can let the individual in his own home, without paying those overhead costs, participating in the educational process.

We are somewhat concerned about construction. There can be no question of the fact that this is the largest construction line item in the VA budget in history. Yet we note that by the year 1990 over 60 percent of Americans over age 65 are going to be veterans. What we have had in the past from the VA has been like individual pieces of a mosaic or of a jigsaw puzzle. We still don't see the total puzzle assembled, and we still don't see, in spite of the proposed

300-odd beds in this year's budget, a plan that will put the VA in a position by the year 1990 to the year 2005 in a position to provide care to those veterans who have eligibility and have entitlement today and will be needing that care then. We certainly hope that at some point in the not too distant future the VA will be able to present that whole tapestry and, hopefully, this committee will insure that they do that.

With that, I would like to close our comments. I once again want to say we are very impressed with the new Administrator and the start that he has gotten off to, and we are very optimistic about this year's budget. We certainly do support the postponement, by the way, of the compensation and pension increases for veterans, as long as it applies across the board. Needless to say, if somebody else gets a raise, we certainly think that veterans are entitled to it, too.

Thank you.

Mr. PENNY. Thank you, Mr. Powell. The full text of your remarks will be submitted to the committee record.

[The statement of R. Jack Powell appears at p. 77.]

Mr. PENNY. With that, I will proceed first with Mr. Hammerschmidt, Mr. Evans, and Mr. Bilirakis, if they have some questions of the panel members.

Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman.

I don't have any questions, but I want to take just a moment to thank every one of you for your patience. We apologize for the procedure that puts you last, but all your statements have been fine and they have been very helpful. If there is any group of Americans in line that should be entitled to benefits of the entitlement system, of course, it would be the veterans, particularly the disabled veterans. So I commend all of you in your general attitude of trying to be helpful to restore our economy and really furnishing leadership in our society in the statements you have made here today.

Mr. Powell, even though your statement was last, it certainly did not go unheeded. It was a very fine statement. I noticed all of you mentioned correspondence training. You have our attention on that. Without commenting further, we understand what you're telling us. The Chairman and I and others have talked about that and we know that program, that is now down to a group of very needy and a well-used program.

I noticed something else. I noticed something you may not know. The Administrator, Dr. Custis, and Miss Starbuck, are still in the audience. I noticed the Administrator highlighting your remarks as you went through. I haven't seen that happen before and I am delighted he has done that. I know he is listening as well as we are.

Thank you very much for your presentations.

Mr. JOECKEL. I didn't notice him back there, Mr. Hammerschmidt. If I did, I would have hit on a couple of other points. [Laughter.]

Mr. HAMMERSCHMIDT. He is still around, so you can buttonhole him.

Thank you, Mr. Chairman.

Mr. PENNY. Mr. Evans?

Mr. EVANS. I have no comments or questions, Mr. Chairman.

Mr. PENNY. Mr. Bilirakis?

Mr. BILIRAKIS. There is no way really to improve on Mr. Hammerschmidt's remarks. I echo them very definitely.

This was a very positive hearing this morning. I am so very pleased with it. It has done so much to dispell the thought that I expressed earlier about the image of the VA. Mr. Walters has done himself proud, as far as I'm concerned, and I know you all share the same level of confidence that I do of the strong feeling that he has for our veterans.

It is ironic, Mr. Chairman, that of all the segments of American society, it is the veteran who has truly sacrified. We all talk about the American society sacrificing, tightening our belts, but only the veteran has truly done that throughout the years. And yet, of all the special intererest groups that I have had before me over these last 2 months, the 6 to 8 a day that come in to see me, not a single one of them seemed to want to sacrifice anything. It is your group that is the only one that has actually said "we will be glad to sacrifice the COLA if the others will, also." I commend you for that. It shows your patriotism and dedication to our great country.

Thank you so much.

Mr. PENNY. I don't have any questions. But it may be that members of the committee will submit questions to one organization or another in the coming days. If you would assist us by responding to those, if we do submit them, we would appreciate it.

Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Mr. Chairman, I might just mention—I think all of you realize that our chairman, Sonny Montgomery, had an important Armed Services Committee that he had to attend to, and that is the reason for his absence.

Mr. PENNY. With that, we do want you to know that on February 24 we will be holding a full committee meeting on the budget, and the testimony that has been received here today will be reviewed at that time. We expect then to be able to submit those budget recommendations on to the Budget Committee.

If there are no further questions or comments from the committee members, I want to thank again the Administrator and his staff and those on the panel for the veterans for their testimony here this morning.

The committee will stand adjourned.

[Whereupon, at 11:25 a.m., the committee was adjourned.]

APPENDIX

VETERANS ADMINISTRATION FISCAL YEAR 1984 BUDGET HEARINGS—ADMINISTRATOR'S STATEMENT

Mr. Chairman and members of the Committee, I am both pleased and honored to appear before you with key members of my staff to testify in support of the Veterans Administration's fiscal year 1984 budget. I feel confident that this budget, if appropriated, would serve our Nation's veterans well. They deserve such treatment because America is number one, thanks to our veterans.

The VA must be able to provide quality medical care which recognizes the unique needs of both the aging and younger veteran population. We must maintain a balanced medical and prosthetic research program—one of excellence with a particular focus on high-priority health care requirements of veterans. Continued improvement in rehabilitation and readjustment programs, as well as necessary cost of living increases in compensation and pension payments, are planned for in our 1984 budget estimates. As for our construction program, we have provided for new facilities and the expansion, modernization and improvement of existing facilities.

The total budget authority requested for 1984 is $26.1 billion which consists of an appropriation request of $25.1 billion, including proposed legislative cost-savings of $135 million; funding related to permanent authorizations of $714 million; and new proposed legislation with cost increases of $238 million. The request also includes an average employment level of 220,785 to provide appropriate staffing for all VA programs.

Our 1984 estimates represent a new increase of $1.1 billion in budget authority over the requested amount of $25 billion for 1983, including supplemental requirements of $189.7 million (primarily related to the October 1982 pay raise). The 1984 request also provides for a net increase of 1,914 average employment above the 1983 level of 218,871.

Although the 1984 estimates represent the largest budget request in Veterans Administration history, we believe they support President Reagan's goal of economic recovery and meet the Administration's commitment to the Nation's veterans. We welcome the opportunity to present our program plans to the Committee during the course of these hearings. With your permission, I will now highlight the appropriation requests by account.

COMPENSATION

For Compensation, we are requesting an appropriation of $9.9 billion, which is an increase of $393.4 million over 1983. Legislation for a 5.1 percent cost-of-living rate increase also is being proposed, to be effective April 1, 1984, at an additional cost of $238 million in 1984.

PENSIONS

Pensions are estimated at $3.8 billion, including an automatic cost-of-living increase of 5.1 percent effective December 1, 1983. This level is $10 million above the estimate for Pensions in 1983 and includes cost-savings legislation totaling $113.3 million.

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE

Burial Benefits and Miscellaneous Assistance will require $149 million, up $8 million over 1983 requirements. This is primarily due to increased workloads.

READJUSTMENT BENEFITS

Readjustment Benefits will continue to decline in 1984 as reflected in our request of nearly $1.4 billion, which is $295 million below 1983. The number of GI bill trainees continues to decline as the number of eligible veterans reach their delimiting date or attain their educational goals. We are also requesting the termination of all correspondence training, as well as eliminating the advance payment of educational assistance allowances. These two cost-savings, legislative proposals total $20.5 million.

HOUSING LOAN PROGRAMS

In conformance with the Administration's policy to replace Federal credit with private credit, VA is continuing the sale of its loan assets in the Loan Guaranty and Direct Loan programs. The total of these sales are estimated to be $839.4 million in 1983 and $377.1 million in 1984.

MEDICAL CARE

The Medical Care appropriation request for 1984 is $8.1 billion, an increase of $383.1 million over the request for 1983. Average employment would increase by 2,306 to an all-time high of 190,544.

We would thus provide for the treatment of 1.4 million inpatients, with a total average daily census of 103,065, and for 18.2 million outpatient medical visits. The increased resources also will provide for the activation of two new nursing home care units in Dallas, Texas and Wichita, Kansas; a new outpatient clinic in Pensacola, Florida; and the full activation of 4 medical centers—Bay Pines, Florida; Little Rock, Arkansas; Martinsburg, West Virginia; and Richmond, Virginia.

In addition, the 1984 request provides for new or expanded initiatives in the areas of automatic data processing decentralization; spinal cord injury home care; pharmacy unit dose; automated electrocardiographic interpretive systems; an automated medical equipment reporting system; supply processing and distribution systems; and the establishment of a new Geriatric Research, Education and Clinical Center—bringing the total of such centers to nine.

MEDICAL AND PROSTHETIC RESEARCH

The Medical and Prosthetic Research appropriation request of $156.3 million represents a $1.5 million increase over the 1983 estimates, although average employment is down 170 to 4,215. The research program, however, will continue to emphasize priority studies in aging, alcoholism, delayed stress, spinal cord injury, health of former prisoners of war and the effects of Agent Orange on the health of Vietnam Era veterans.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

The 1984 request for this account of $66.6 million is an increase of $10.1 million. This level of funding will provide resources for medical program supervision and administration, including an average employment level of 856; continuation of the medical inservice training programs; and expansion of the health professional scholarships program. This program would be increased by $3.8 million and would provide one-year awards for 58 nursing students and two-year awards for another 146 students.

CONSTRUCTION

The 1984 request for the two construction appropriations totals $868.3 million; it includes funding of $783.1 million for medical facilities projects, $7.9 for cemetery projects, $25.5 for advance planning for future projects, and $45.8 million for general administration. We are also emphasizing the correction of safety and other code deficiencies.

There are 37 projects in the major request, 30 of which are new projects while seven others had some prior funding. Eight nursing home care projects, including the renovation of existing space at Bath, New York, will add 960 nursing home beds. Inclusion of three new outpatient projects reflects our continued emphasis on pursuing alternatives to hospitalization as the most effective means of caring for veterans. We are, of course, requesting replacement of the Minneapolis hospital at a total cost of $269 million.

GENERAL OPERATING EXPENSES

For the General Operating Expenses appropriation, we are requesting $719.1 million in budget authority and 20,235 average employment in the 1984 budget. While we are requesting an increase of $27.9 million in budget authority, we also are requesting a net decrease of 263 average employment from the 1983 levels.

Program enhancements include completion of the expansion of Centralized Accounting for Local Management to all medical centers; the opening of a new national cemetery in Fort Custer, Michigan and completion of activation of the Quantico, Virginia, National Cemetery; the addition of 3 new board sections for the Board of Veterans Appeals, for a total of 19; expansion of the General Counsel's debt collection activity; and expansion of the Inspector General's fraud detection and prevention activities.

The net employment decrease is due primarily to workload declines in the education, compensation, and pensions programs of the Department of Veterans Benefits.

This concludes my prepared statement, Mr. Chairman. We will be pleased to answer your questions regarding the 1984 budget estimates of the Veterans Administration.

Veterans
Administration

FY 1984 Budget

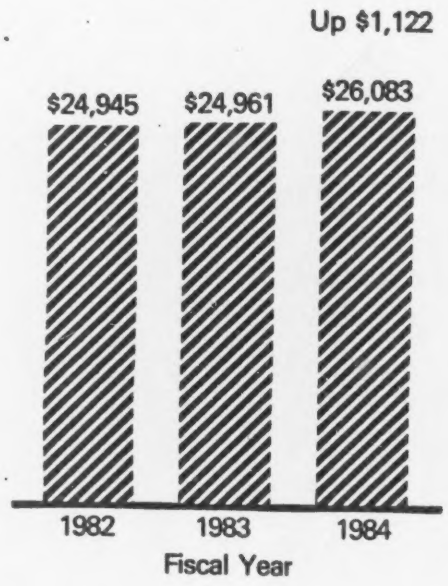
Assistant Deputy Administrator for
Budget and Finance

January 1983

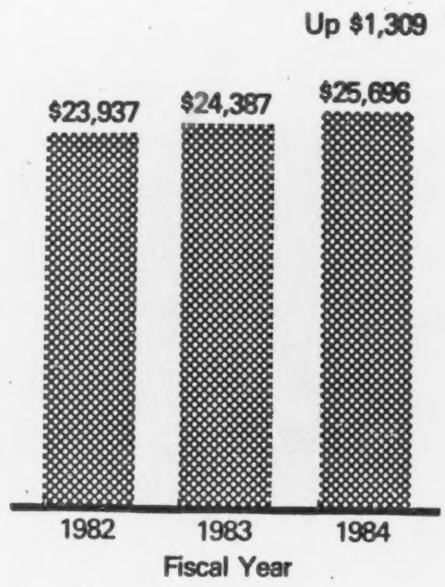
Veterans Administration

FY 1984 Budget

(dollars in millions)



Budget Authority



Budget Outlays

Veterans Administration

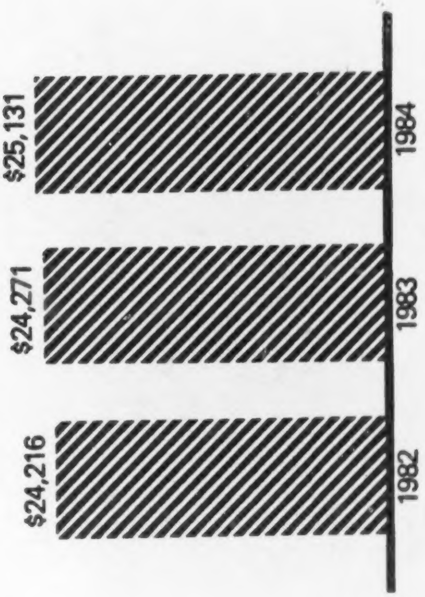
1984 Budget Authority Requiring Action By Congress:

(dollars in millions)

Appropriations request	$25,131
(Proposed Legislation included in Appropriations request .... $-135)	
Proposed Legislation not included in request	238
Total - Requiring Action by Congress	25,369
Permanent Authorizations and Offsetting Receipts	714
Total, budget Authority	$26,083

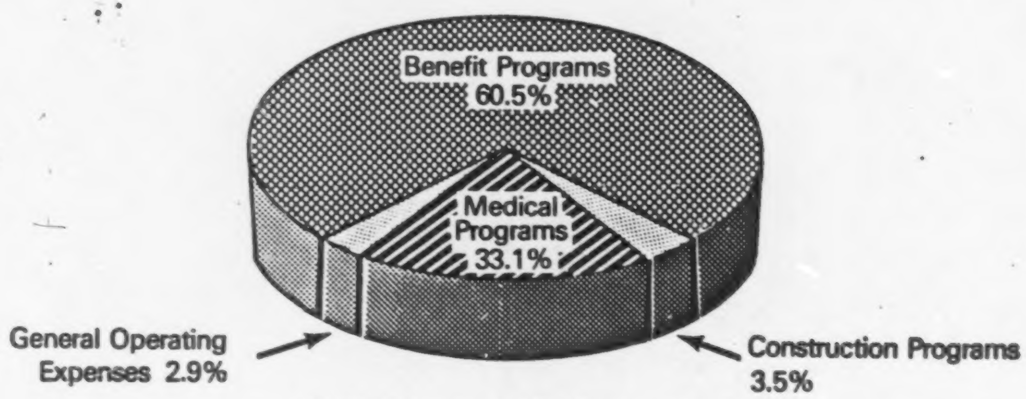
Veterans Administration

Appropriations
(dollars in millions)



Veterans Administration

1984 Appropriation Request



Distribution by Major Programs
(In Millions of Dollars)

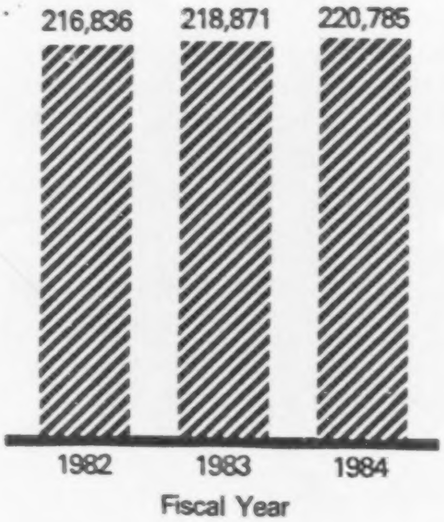
Benefit Programs	$15,224	60.5%
Medical Programs	8,320	33.1%
Construction Programs	868	3.5%
General Operating Expenses	719	2.9%
Total, VA	$25,131	

BEST AVAILABLE COPY

Veterans Administration

Average Employment

Up 1,914



Dept. of Medicine and Surgery	+2,117
Dept. of Veterans Benefits	− 419
Dept. of Memorial Affairs	+ 22
Office of Construction	+ 31
General Administration and Other	+ 134
Procurement and Supply Service	+ 29
Total VA	+1,914

Veterans Administration

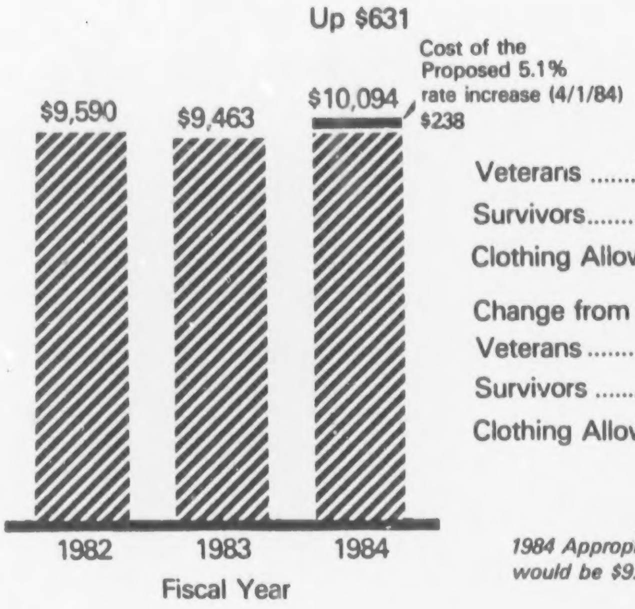
Proposed Legislation

(dollars in thousands)

	1984 BUDGET AUTHORITY
Compensation	
• 6 MONTH DELAY OF 5.1% COST OF LIVING INCREASE FROM 10/1/83 TO 4/1/84	$+238,000
Pensions	
• 6 MONTH DELAY OF 5.1% COST OF LIVING INCREASE FROM 6/1/83 TO 12/1/83	-113,300
Readjustment Benefits	
• TERMINATE FUNDING CORRESPONDENCE TRAINING	- 4,900
• TERMINATE ADVANCE FUNDING EDUCATIONAL ASSISTANCE ALLOWANCES	- 15,600
General Operating Expenses	
• TERMINATE ADMINISTRATION OF CORRESPONDENCE TRAINING AND ADVANCE PAYMENT OF EDUCATIONAL BENEFITS	- 893
• AUTHORIZE PAYMENT FOR CONSTRUCTION OF SAFETY IMPROVEMENTS ON LAND ADJACENT TO NATIONAL CEMETERY ENTRANCES	+ 100
TOTAL PROPOSED LEGISLATION..	$+103,407
TOTAL PROPOSED LEGISLATION INCLUDED IN APPROPRIATIONS REQUEST	($-134,693)

Veterans Administration

Compensation
(dollars in millions)

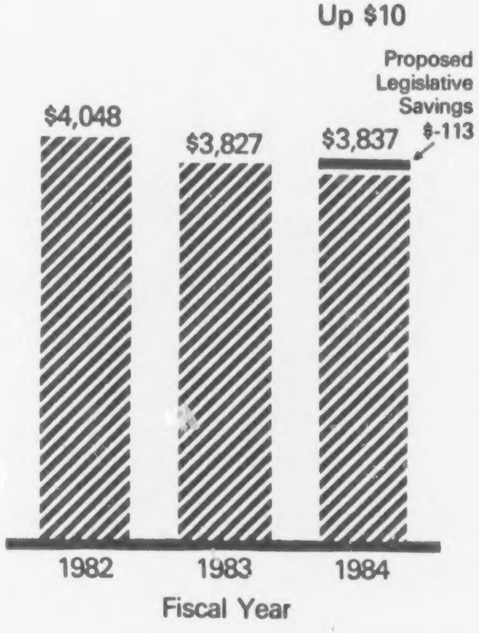


	Caseload	Average Payment
Veterans	2,264,750	$3,541
Survivors	347,500	5,225
Clothing Allowance	66,700	327
Change from 1983		
Veterans	− 2,250	+ 41
Survivors	− 1,500	+ 36
Clothing Allowance	− 100	+ 1

1984 Appropriation without the 5.1% rate increase would be $9.9 billion.

Veterans Administration

Pensions
(dollars in millions)



	Caseload	Average Payment
Veterans	775,000	$3,375
Improved Law	426,000	4,981
Prior Laws	349,000	1,436
Survivors	885,000	1,588
Improved Law	238,000	3,458
Prior Laws	647,000	791
Total	1,660,000	2,380
Change from 1983:		
Veterans	− 28,000	$+ 147
Survivors	− 47,000	+ 12
Total	− 75,000	+ 94

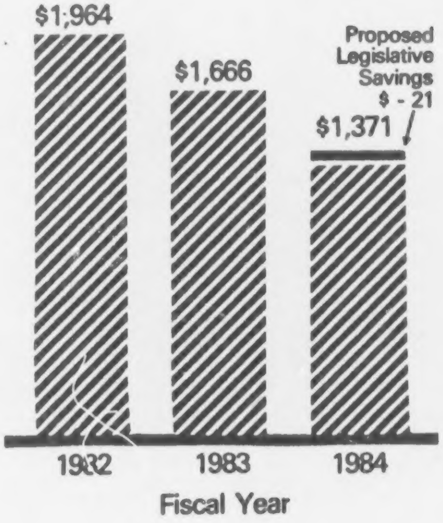
1984 appropriation without the savings legislation would be $3,950 million.

Veterans Administration

Readjustment Benefits

(dollars in millions)

Down $295



	Caseload	Average Payment
Vietnam Era	533,300	$2,423
Dependents	85,780	2,179
Rehabilitation	32,500	4,026
Housing Grants	540	29,954
Auto Grants	700	4,400
Change from 1983		
Vietnam Era	−150,100	$+2
Dependents	− 2,820	+
Rehabilitation	+ 500	+6

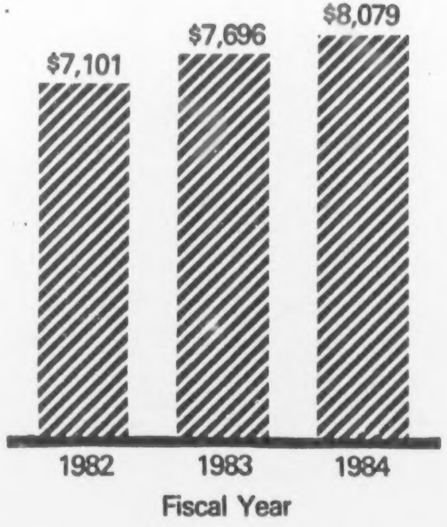
1984 Appropriation without the savings legislation would be $1.39 million.

Veterans Administration

Medical Care

(dollars in millions)

Up $383



- Average Employment Up 2,306 to 190,544
- Funding Up $383 million:

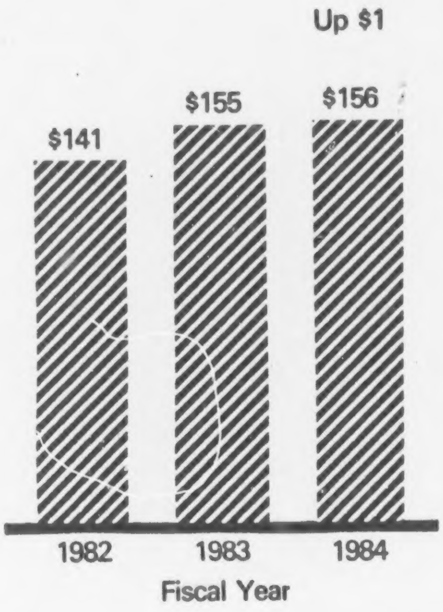
• Payroll Increases	$+ 74
• Inflation and increased usage	+185
• Activations and capital investment	+114
• Other program improvements	+ 10

- Provides for:
  - 2 New Nursing Home Care Units
  - 1 New Outpatient Clinic and Expansion of Five Others

Veterans Administration

Medical and Prosthetic Research

(dollars in millions)



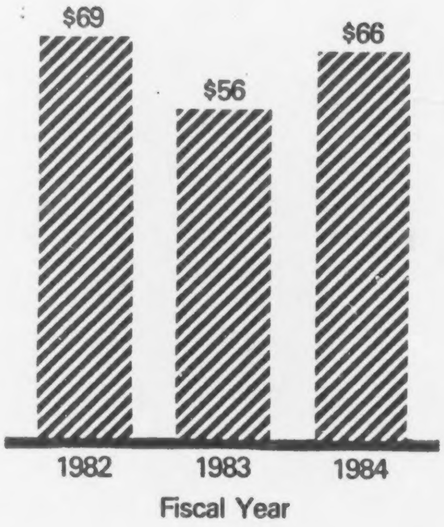
- Average employment down 170 to 4,215
- Funding up $ 1 million:
  - 1982 Pay and Related Increases $+3.2
  - Supplies & Other Increases.......... +2.3
  - Reduction in Employment .... −4.0
- Maintain High Priority Programs:
  - Aging
  - Alcoholism
  - Health of Former POW's
  - Spinal Cord Injury
  - Delayed Stress

Veterans Administration

Medical Administration and Miscellaneous Operating Expenses

(dollars in millions)

Up $10



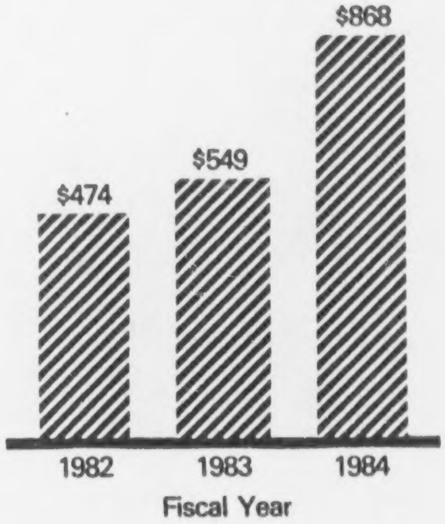
- Average employment down 19 to 856
- Funding up $10 million:

• GSA Space Rental & FTS	$+ 4.1
• Pay and employment	− 0.3
• Grants (Health Professional Scholarships Program)	+ 3.8
• Other program increases	+ 2.5

Veterans Administration

Construction Programs Summary
(dollars in millions)

Up $319

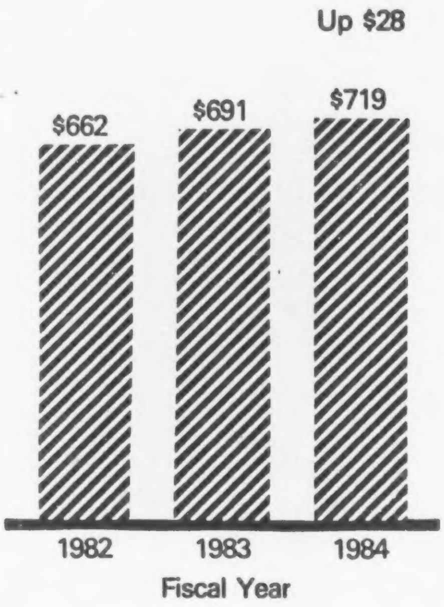


- Average Employment Up 31 to 808
- Program Funding:

	Total	Change
● Medical Program	$808.1	$+293.8
● Cemetery Program	8.4	+ 6.3
● Veterans Benefits	3.8	+ 3.8
● ODM&T	2.2	+ 2.2
● General Administration (808) FTE)	45.8	+ 13.1
	$868.3	$+319.2

Veterans Administration

General Operating Expenses
(dollars in millions)



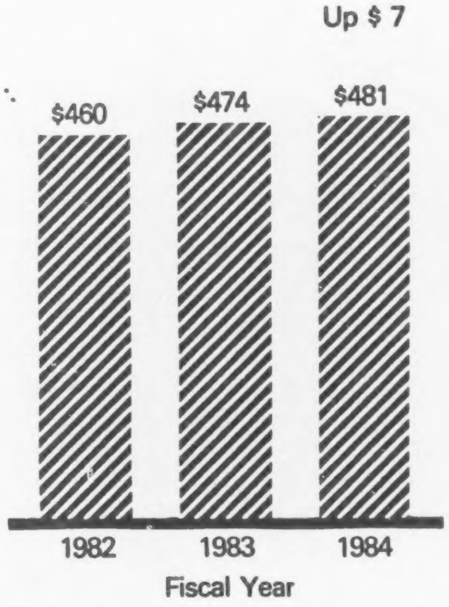
Average Employment Down 263 to 20,235

Major Funding Changes:	
● Veterans Benefits	$ + 6.5
● Memorial Affairs	+ 2.3
● General Administration	+ 19.0

Veterans Administration

Department of Veterans Benefits

(dollars in millions)



Average Employment Down 419:

(14,823 to 14,404)

Major Funding Changes:

● Personnel Benefits	$ + 2.6
● Workload Decline	− 10.7
● Higher Space Rental Costs	+ 11.0
● Other Miscellaneous Adjustments	+ 3.6

Veterans
Administration

1983 Pay and Related Requirements

(dollars in thousands)

	TOTAL REQUIREMENT	ABSORBED	SUPPLEMENTAL
MEDICAL CARE..........................	$240,546	$59,101	$181,445
MEDICAL & PROSTHETIC RESEARCH	5,714	3,539	2,174
MEDICAL ADMINISTRATION & MISCELLANEOUS OPERATING EXPENSES	1,661	1,048	613
GENERAL OPERATING EXPENSES	27,095	23,943	3,152
CONSTRUCTION, MINOR.................	1,384	1,384	...
	$276,759	$89,375	$187,384

OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., March 8, 1983.

Hon. G. V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed are answers to questions submitted by you concerning the fiscal year 1984 budget hearing of February 17, 1983. I appreciate the opportunity to supply this further information.

Sincerely,

HARRY N. WALTERS,
Administrator.

Enclosures.

MONTGOMERY'S QUESTIONS TO MR. WALTERS

Question 1. Page 3 of your prepared statement indicates that the fiscal year 1984 budget includes funds for expansion of the Health Professional Scholarship Program.

One page 7-19 of Volume II of your budget documents, I note that in fiscal year 1984 you plan to make one year scholarships to 58 students and two years scholarships to 146 nursing students. This compares with 92 one year scholarships and 236 two year scholarships in the current fiscal year. Would you clarify the difference between your statement and the budget document?

Answer. The fiscal year 1984 Health Professional Scholarship Program request of $4,343,000 is an increase of $3,835,000 over the fiscal year 1983 appropriation of $508,000. This increase is referred to in page 3 of my prepared statement. The funds which will be obligated to support an estimated 328 awards in fiscal year 1983 are those remaining available from the fiscal year 1982 $8,000,000 appropriation transfer ($5,977,000) which can be obligated up to September 30, 1983, plus funds appropriated for stipend increases ($154,000). Your analysis of the budget document is correct with regard to the availability of total funding in fiscal year 1984 as compared to fiscal year 1983.

Question 2. Since 1960 we have witnessed a decline in the number of beds in the VA Domiciliary Program to a planned 1984 level of 7,444. What is the current VA policy concerning the Domiciliary Program and how many beds do you plan to have in the Program in the future?

Answer. The Domiciliary Program has been undergoing a major shift in mission from a program primarily oriented toward the provision of residential support services to indigent veterans, to a medically-oriented program with particular emphasis on the provision of rehabilitative services designed to return, to the maximum extent possible, the physical, mental, and psychological functioning of an ill or disabled person.

In response to this shift in program emphasis, facility program officials have begun focusing primarily on the medical care requirements of candidates for admission to the domiciliary. It is believed that the gradual decline in the domiciliary population has been due, at least in part, to these efforts to assure that admissions are now based on the medical-rehabilitative rather than social-welfare needs of the veteran population. As the new mission of the domiciliary becomes more broadly known to and accepted by the VA's health care professionals, it is anticipated that the demand for and utilization of these minimal medical care and rehabilitative services unique to the program will increase, particularly by the aging veteran. We are currently reviewing domiciliary bed needs estimates from the Medical District Initiated Program Plans (MEDIPPs). We expect to have available the results of the first MEDIPP cycle plans in March 1983. Domiciliary bed projections will be included in this presentation.

Question 3. Page 4-9 of Volume II of the VA budget document displays ADP resources in 3 categories of services; commercial, inter-agency and intra-agency. Would you please provide the Committee with a detailed breakout of each of these services' obligations by type and dollar amount?

Answer.

Commercial Services—Fiscal Year 1984

ADP time	$815,000
Operations and maintenance	7,962,000
System analyses/programming	1,049,000
Studies and other	183,000
Total	10,009,000

Inter-Agency—Fiscal Year 1984

Health and Human Services	$114,000

Intra-Agency (Common Services ODM&T) Fiscal Year 1984

Personal services	$8,055,000
Transportation	36,000
Rentals and utilities	369,000
Printing and reproduction	1,019,000
Supplies and materials	690,000
Maintenance and miscellaneous contracts	204,000
Total	10,373,000

Question 4. I note that in fiscal year 1984 planning level funding of $500,000 is requested for equipment and facility upgrading at the Veterans' Memorial Medical Center in Manila. A recent inspection of that facility by Committee Members indicates that the hospital is in a pretty bad state. I wonder if the VA has looked into the feasibility of sending that Medical Center some usable outmoded VA equipment?

Answer. The Veterans Administration has explored the use of usable, outmoded VA equipment to a limited degree. The explorations led to the fact that the biggest problem was the maintenance of the equipment. The skill required to maintain any relatively sophisticated medical equipment is not readily available either on the staff or through maintenance contracts.

The VA will continue to explore this avenue with management of the Veterans' Memorial Medical Center. If we are able to find usable older equipment that can be satisfactorily maintained in Manila, we will take steps to make it available to them.

Question 5. Please advise the Committee of the status for the construction of an outpatient clinic facility at Los Angeles, California.

Answer. The prospectus is now undergoing final review and should be forwarded to the House Veterans' Affairs Committee in the near future.

VETERANS ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., April 8, 1983.

Hon. G. V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased to respond, as requested in your letter of March 21, 1983, to the question posed by the Honorable Alan B. Mollohan on the expansion and reopening of Grafton National Cemetery in West Virginia. Mr. Mollohan believes that the required process and procedures can be expedited and asks: "Assuming the land in question is turned over to the VA, what is the earliest date the VA can get on with this project?"

The VA is moving ahead as quickly as possible with the plan to expand the Grafton National Cemetery. If the estimated timetables for the required actions are met, the cemetery should reopen for interments in early 1985.

Brackenridge and Associates, Inc., of Lewisburg, West Virginia, was awarded the "Topographic and Site Boring Data" contract and started work on February 4, 1983, to determine the suitability of the expansion parcel for burial purposes. The contractor's report is scheduled for submission by late April 1983. If the report concludes that the land proposed for donation is suitable for burials, we will then have an Architect/Engineer prepare cost estimates for the development of the land. If the land is suitable, the cost estimates reasonable, and there are no environmental problems, we would be pleased to accept a proposed donation of the acreage. This would bring us to late June 1983.

Land offered to the Government as a donation or transfer of federal excess property must be cleared with the Department of Justice, a process thats takes from six months to one year. In the meantime, we would be preparing the working drawings and bid documents. Assuming that the timetables are met, the development should be ready for use within nine to twelve months, which would put us in the early 1985 time frame.

I trust the foregoing information will be of assistance to Mr. Mollohan.

Sincerely,

HARRY N. WALTERS,
Deputy Administrator for Administrator.

STATEMENT OF DONALD H. SCHWAB, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairman and members of the committee: Thank you for the privilege of appearing before this distingusihed Committee to present the views of the Veterans of Foreign Wars of the United States.

My name is Donald H. Schwab, and it is my privilege to serve the more than 1.9 million men and women of the Veterans of Foreign Wars as their National Legislative Director.

The budget proposed by the President of the United States for the Veterans Administration is $26.08 billion in budget authority and $25.69 billion in outlays. Respectively these figures represent an increase of $1.1 billion or 2.89 percent of the federal budget of $900.1 billion in budget authority and an increase of $1.3 billion or 3.02 percent of the federal budget of $848.5 billion in outlays.

Permit me to state at the outset, Mr. Chairman, that in our opinion this proposed budget reconfirms the President's commitment to our nation's veterans as did his original budget submitted to Congress last year, but rejected by the Budget Committees of both the Senate and House of Representatives. This is not to say, however, that certain areas do not cause us concern.

The medical care portion of the budget is $8.07 billion in budget authority, an increase of $383 million, and $7.98 billion in outlays, an increase of $417 million over the current fiscal year. This additional funding provides for an increase in average employment of 2,306 personnel and raises the staff to patient ratio to 2.27 to 1 overall and in surgical bed sections to 2.97 to 1.

Although medical and prosthetic research at $156 million in budget authority and $153 million in outlays represents an increase of $1.4 million in budget authority and $1.3 million in outlays, it is regretted that budgetary constraints require a reduction in average employment of 170 personnel in this most important function.

Beneficiary travel for eligible veterans requiring treatment at VA facilities would be increased $6 million for a total budget in this area of $91.2 million which should be adequate.

Mr. Chairman, the proposed budget for major and minor construction at $868.2 million in budget authority and $673.6 million in outlays represents an increase of $319.1 million and $195.5 million respectively which is not only a substantial increase over the current year but the highest construction budget in the history of the Veterans Administration. Needless to say, we are delighted that the proposed budget includes funding for an 845 bed replacement hospital in Minneapolis, Minnesota, substantial modernization of the Biloxi and Gulfport, Mississippi facilities and nursing care homes of 60 beds at Loma Linda, California, 240 beds at Lyons, New Jersey, 120 beds at Miami, Florida, 120 beds at Northport, New York, 60 beds at Providence, Rhode Island and 120 beds each at San Francisco and West Los Angeles, California. Not only will this construction remedy an untoward situation in Minneapolis and alleviate the rapidly increasing need for nursing care beds, but provide considerable employment in the areas listed.

Mr. Chairman, without question, the most sensitive portion of the proposed budget is the six month delay in cost-of-living increases in the compensation, Dependency and Indemnity Compensation and pension programs. It is proposed that the 5.1 percent pension increase be delayed until December 1, 1983, and that the 5.1 percent increase in compensation and DIC be deferred until April 1, 1984. In this one instance the President has asked veterans and their survivors, as all other beneficiaries of federally funded programs, to make this sacrifice and contribution to curbing the escalating annual deficit now projected at $188.8 billion for the fiscal year 1984. These delayed cost-of-living increases will, without question, require a belt tightening on the part of some, but, in our opinion, our patriotic veterans who fought for this nation during periods of war and hostility will stand just as ready to do their share in fighting the anticipated huge deficits in this and the out years to maintain the integrity of their programs. However, Mr. Chairman, should any federal beneficiaries be exempted from the deferral in cost-of-living increases, then we would object in the strongest possible terms to our disabled veterans and their survivors being subjected to a delayed COLA.

Mr. Chairman, we are deeply concerned with the projected decrease in the average daily census in Veterans Administration hospitals of 100,000 patients. Although we realize that the average length of stay of patients in VA hospitals has been reduced over the years, the veteran population is rapidly aging and requiring more care. We question also the wisdom at this time of reducing domiciliary care by $4.1 million and 110 FTEE's, the outpatient fee program by $9.6 million and contract hospital care by $2.8 million. Again, we cite the increased need for all types of care by aging veterans and the growing number of women veterans who require specialized care not readily available in all VA facilities.

Another area of concern, Mr. Chairman, is the continual decline in average employment within the Department of Veterans Benefits which is to be reduced by 419 personnel from the current year down to 14,404. The reduction of personnel in DVB can only result in far less timely service to claimants at every stage from the initial application to resolution of the appeal.

One of the proposed cost-savings provisions is to eliminate correspondence training for some 22,000 Vietnam veterans to save $4.9 million. We oppose this whittling away of a benefit for Vietnam veterans, particularly those who are severely disabled and housebound and those still on active duty in the Armed Forces who are stationed at sea or in remote areas and, therefore, unable to advance their education in any other way.

Mr. Chairman, it is unfortunate no provision is made in the proposed budget to grant any cost-of-living increase to veterans availing themselves of educational benefits under the GI Bill. The last such increase was granted by Public Law 96-466 and was a two-step increase with five percent effective October 1, 1980, and five percent effective January 1, 1981. It is my understanding the Veterans Administration anticipates requesting a cost-of-living increase for GI Bill beneficiaries in the fiscal year 1985 budget but, of course, we would then be talking about the 1984-85 school year. It is also regrettable that the budget proposes the discontinuance of advanced payment of educational assistance allowances for a savings of $15.6 million which will undoubtedly cause many students to undergo severe hardship.

Having stated the foregoing, Mr. Chairman, it is the VFW's position that, all things considered, the proposed budget is an extremely good one in view of the deep cuts proposed in other budgets. We realize federal spending must be brought under control or the cost of all federally funded programs will become prohibitedly costly and eventually require severe reduction or even the termination of very worthy programs. The enormous growth of federal spending is most graphically illustrated when one considers the projected budget deficit for 1984 of $188.8 billion exceeds the entire federal budget for 1969 which was $184.5 billion in outlays.

This concludes my testimony, Mr. Chairman, and I will be happy to respond to any questions you may have.

Thank you.

STATEMENT OF PAUL S. EGAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, AND ROBERT E. LYNCH, DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION

Mr. Chairman and members of the committee, the American Legion appreciates the opportunity to present its views, following an initial appraisal of the President's proposed Budget for the Veterans Administration for Fiscal Year 1984.

For Fiscal Year 1984, the President has proposed for the Veterans Administration Budget Authority of $26,083 billion, up $1,122 billion from fiscal year 1983; and Budget Outlays of $25,696 billion, up $1,309 billion from fiscal year 1983.

It is the opinion of The American Legion that these are reasonable increases, and that they reflect the needs for the funding of veterans programs in the face of a continuing inflation rate of 4 percent and in difficult times for the operations of the Federal Government.

The American Legion is pleased and appreciative of the consideration the Administration has given to the nation's veterans at this time. There are certain specific areas of need for consideration to which we would like to direct the Committee's attention.

And let us say at the outset that if we consider the allocations for VA to be reasonable, we must go on to say that it would not be possible to fund veterans programs at any lesser amounts if they are to fulfill the purposes for which they were set in place.

According to our initial calculations, the VA Budget will approximate 2.9 percent of the total Federal Budget. We do not believe this is an unreasonable amount for the nation to spend on veterans programs. The percentage spent on veterans has continued to decrease consistently since the end of the Vietnam War. As the veteran population continues to decrease, the cost of veterans programs can be expected to continue to decrease, in proportion to the total Federal Budget, with the notable exception of veterans medical care, which does in fact face the prospect of meeting the needs of an increasingly older veteran population, as the World War II generation passes the age of 65. The 5 million surviving Korean War veterans are not in their mid-fifties, and the Vietnam Era generation is already at an average age of 32. All of these generations of veterans are already making demands of the VA medical care program, and their needs for health care must be met.

DEPARTMENT OF VETERANS BENEFITS

The direct benefit programs administered by VA will consume 60.5 percent of total VA Budget. These are for the most part the entitlement programs that must be funded, and they are meeting real needs of the veteran population they are intended to serve.

The American Legion is appreciative of the proposed 5.1 percent increase in compensation for the service disabled; and it is expected the indexation of the pension program will result in a 5.1 percent increase in that benefit program.

The Budget indicates the Administration will submit legislation that would defer the 5.1 percent increase for both compensation and pension for six months, and we understand this is in accordance with the President's proposal to Congress that all Federal entitlement programs be deferred for six months as a cost saving measure.

The American Legion does not want to see these deserving and needy elements of the veteran population deprived of benefits they clearly need. The American Legion is also aware of the serious fiscal problems that confront the Federal Government, and that both the President and Congress must deal with.

For that reason, and because veterans are perhaps the most responsible element of the American social structure, we of the Legion will accept the six month delay in needed increase in the entitlement programs—with one very important proviso. There is only one way that veterans can be asked to make such a direct personal sacrifice, and that is if the same sacrifice is asked of and accepted by all other categories of Federal beneficiaries. If either the Administration or Congress begins to make exceptions to this plan, then the Legion's position is that veterans should be the first to be excepted. It is the position of The American Legion that no other category of Federal beneficiary has an equal claim upon the Government as do the nation's veterans who have already made the greatest contribution to the national welfare, through military service in time of war.

We note one benefit program that has a particular need that is not addressed by the proposed Budget. That need is a cost-of-living increase in the subsistence allowance for those veterans in training in the vocational rehabilitation and readjustment programs. These subsistence allowances were last adjusted by Public Law 96-466, and were effective on January 1, 1981. It is estimated that during the past two years the cost of higher education has increased 15 percent. The current subsistence allowances do not reflect that escalation.

If the Government is to complete its responsibility for the readjustment of the returning service men and women of the Vietnam Era, then it must make a necessary adjustment in the subsistence allowances. We realize full well this is a bad time to be talking about increasing benefits. But there is a question of fairness involved here. It is not the fault of the Vietnam veterans that the cost of government has zoomed sky high. And this Government has an obligation to them, since it took them into service, and sent them to do a job that a lot of people didn't want to do.

VA projects a drop in the number of veterans in training under what is commonly referred to as the GI Bill, of 150,000 veterans, to an enrollment of 533,000. These veterans are completing their training, and passing their delimiting date now at a rapid rate. This is a descalating program. Cost is estimated to reduce by $295 million in fiscal year 1984. That being so, a cost-of-living adjustment for those still in training is strongly indicated, and The American Legion hopes the Committee will address this problem.

And there is another matter we wish to bring to the Committee's attention in regard to readjustment training. The Administration proposal would terminate advance funding educational assistance allowances for fiscal year 1984, at a saving of $15.6 million. We submit to the Committee this is not a good place to save. This fund provides for advance payments to veteran students at time of enrollment. In many instances it may be the determining factor as to whether the veterans can in fact enroll and continue with his education. Most of these veterans have by this time acquired family responsibilities. It is hard enough for them to continue their training as it is. The advance payment of subsistence oftentimes is the difference between continuing and dropping out. We ask the Committee to continue this funding for this well worthwhile purpose.

The proposed Budget would also eliminate correspondence training, as has been proposed in earlier Budget submittals by more than one Administration. The only thing the Legion has to say about this is that there are veterans who can only participate in training on a correspondence school basis. It would be wrong to deprive them of their opportunity. We do favor strict controls on this form of training, to avoid abuse; but we do see a continuing need for the program, for a restricted number of veterans. The saving effected by elimination of correspondence training would be less than $5 million, which is not a considerable amount in a Budget exceeding $25 billion.

There is another benefit concerning which we must speak to the Committee, and that is the burial benefit. This benefit, previously made available to the survivors of all honorably discharged war veterans, was lost in the Omnibus Budget and Reconciliation Act of 1981. The American Legion objected to that loss at the time it was accomplished. It was wrong to take that benefit away from veterans, and it should be restored, as a matter of equity on the part of the Government.

We say, as we have said before, that with the exception of the home loan guaranty (which is not a cash benefit), the burial benefit is the single benefit shared by virtually every honorably discharged war veteran. It is a fact that more than half the veteran population never receives any benefit or recognition for service. Most veterans are not disabled, and only about half the veteran population uses the GI Bill program. Most veterans, following service, look after themselves, as they did before service. So, in all those millions of instances, the only recognition received for service has been the burial benefit—$300, to be used to assure a dignified burial for all veterans. Now this benefit has been eliminated from being paid, except where, in effect there is a need shown—compensation and pension recipients, and the indigent. That is not fair. The Legion said it was not fair when it was taken away, and it is still not fair. The American Legion petitions the Committee at this time, to support legislation restoring this benefit as a recognition of honorable service rendered by those who are not otherwise recognized. There will be in excess of 360,000 veteran deaths during fiscal year 1984, and 95 percent of those will receive no monetary benefit to facilitate their burial.

The proposed Budget for the Department of Veterans Benefits, projects a loss of 419 Full Time Equivalent Employees for that Department for fiscal year 1984. In fiscal year 1982, DVB lost 759 FTE, and in fiscal year 1983, 404. With the loss projected for fiscal year 1984, that will be a total loss of 1,582 DVB personnel through three fiscal years. We are informed by VA these losses have been and will be spread throughout the Department—that is, through the 58 Regional Offices. Our concern with this is that it is not possible for DVB to experience personnel losses of such magnitude without a resulting delay in delivery of benefits and services. Such delays mean added hardship for service disabled, pensioners and survivors. In these times of general economic hardship, we do not believe it is right to add to the problems of these poor people. The American Legion petitions the Committee that there should be no further loss of DVB personnel for fiscal year 1984.

DEPARTMENT OF MEDICINE AND SURGERY

There is no question that the most sensitive area of the VA Budget is to be found in the medical care program. This is because, unlike the entitlement programs, that are statutory in nature, the strength and vitality of the medical care program depends directly on the allocation of funds by Congress. There is also a lot of controversy about veterans medical care—in such areas as who and how many veterans should be treated, and the quality of treatment they are getting.

Most of what the Administration has proposed for the Department of Medicine and Surgery, we like. The Budget proposes $8 billion for fiscal year 1984, up $383 million. We wish there could be some additional funding in certain areas, but in the vast and extremely complex program that is encompassed by the Department of Medicine and Surgery, we believe the agency can maintain a viable program that will care for the service disabled, and for most of those veterans who will turn to VA for medical care on the basis of need.

We note that average employment in DM&S will increase in fiscal year 1984, by 2,306 to 190,544; and that this will increase the staf to patient ratio, systemwide to 2.27. We certainly do approve of that. The staff to patient ratio in the VA system falls short of that found in the private sector, and far short of that found in university hospitals. But improvement is improvement, and we are glad of that.

We also commend the Administration pledge to continue emphasis on high-priority programs, for aging, alcoholism, spinal cord injury. delayed stress and the health of former POWs.

The Budget calls for activation of one additional Geriatric Research, Education and Clinical Center. There are eight such Centers now functioning. The American Legion, through on-site surveys has satisfied itself that these Centers are doing important work for the benefit of veterans, and indeed, of all aging persons. Public Law 96-330 authorized seven additional GRECCs, but these have not been funded. We are anxious to see these additional GRECCs funded as soon as possible, and though the addition of one in fiscal year 1984 is encouraging, we would really like to see them funded even more rapidly. We believe the direct benefits to veterans, and the population generally will be visibly and quickly manifest as these Centers become active.

VA projects treatment of 1.2 million patients in medical centers during fiscal year 1984, and an increase of 124,000 outpatient visits to 18.2 million. VA keeps telling us that the decrease in inpatient care is occasioned by the coincidental increase in outpatient care. We accept that explanation—to a point. We are also aware, through information from our Service Officers, that more and more older veterans are experiencing catastrophic illnesses that require acute inpatient care. We are anxious that none of these veterans who need such care, and who have need to turn to VA, shall be turned away. DM&S is now down to 79,800 acute care beds, and projects loss of an additional 800 during the next fiscal year. If we begin to get reports from our Service Officers that veterans who need care are being turned away for lack of available beds, we will seek the opportunity to approach the Committee with our concerns.

We do approve the planned increase of 300 nursing care beds to 9,000. Nursing Home Care Units in the VA system are universally used to capacity, and most of them have waiting lists, so a consistent increase in this type of bed is strongly indicated.

Research funds for fiscal year 1984 are projected to increase by $1 million, to $156. This is encouraging because fiscal year 1983, the current fiscal year marked a turnaround following a reduction of funds for this important aspect of medical activity. It is agreed by all that VA cannot continue to provide high quality medical care to veterans without a strongly funded research program. Much of the research in which VA engages is basic research that advantages not just veterans, but which advances medical science and is of direct benefit to the entire human race. And of equal importance is the fact that a strong research program ensures the recruitment and retention of high quality physicians into VA service. This fact was proven during recent years, when serious underfunding of VA research led to the loss of many good physicians who took employment elsewhere where they could pursue research. We hope the Congress will not let such a situation develop again. The increase of $1 million for research in fiscal year 1984, is modest indeed. Also projected is a loss of 170 research personnel to a systemwide total of 4,215. We do not know how these reductions will be accomplished, but we are concerned, because we see a need not for a reduction, but rather for an increase of available personnel for the research activities.

There is another matter relating to medical care we would like at this time to mention to the Committee, and about which we would urge close Committee surveillance. DM&S is planning a test program for a six month period, restricted to one medical district, to treat CHAMPVA beneficiaries in VA facilities. This will be in District 23, which has eight medical centers. The ultimate goal, of course, is containment, in view of the increasing costs of the CHAMPVA program. Our concern is that such an initiative, if it is implemented systemwide, should not result in denial of needed care to veterans through overcrowding or lack of sufficient facilities. In the VA system veterans must come first—they are the ones for whom the system was established. We await the results of the test. We will be watching very closely, and if problems develop, we will approach the Committee. In saying this, we realize that Congress has given VA statutory authority to do this. But we believe that everyone should remember that veterans must come first.

Recently we had a briefing by the Chief Medical Director concerning DM&S ability and planning to care for the increasing number of women veterans. DM&S believes, and our current perception is that VA has sufficient facilities and resources to provide care to women veterans who will need and apply for such care. We are pleased that VA is demonstrating a satisfactory sensitivity to this matter. It is a fact the number of women veterans is increasing. More of them will seek to use the

VA system. We urge the Committee to carefully oversight this activity, and if additional statutory authority is needed to enable VA to provide for any special needs of women veterans, that such authority be promptly provided. We might note in passing that The American Legion has accepted women veterans into membership since its founding in 1919, and we have always and will continue to have a direct concern that they receive the full measure of consideration from the Government that is accorded to male veterans.

The Medical Administration and Miscellaneous Operating Expenses (MAMOE) account will apparently support the automated data processing decentralization efforts of DM&S. In this regard we wish to say the computerization of DM&S has been too long dalayed—to some extent due to confusion and jurisdictional disputes within the agency that are no credit to VA. The VA medical care program lags far behind the private sector in using automated data processing techniques to deliver state of the art care to patients. We hope the Committee will closely oversight this activity to assure substantial progress during fiscal year 1984.

Public Law 97-72 provides authorization for an annual grant of $500 thousand to the Veterans Memorial Medical Center in the Philippines Republic to assure continued effective care and treatment of U.S. veterans in that hospital. The American Legion supported enactment of Public Law 97-72, and we support the annual grant to the veterans hospital at Manila. There are thousands of United States veterans in the Philippines who served in the United States Armed Forces during World War II. Our nation has a direct obligation to look to their welfare, as it does for the veterans in this country.

CONSTRUCTION PROGRAMS

In the Administration's Budget, Construction Programs are recommended for an increase of $319 million to a total of $868 million. Of this increase, $293 million is allocated to the medical care program.

May we say at the outset of comment on this budget item that we are gratified the construction funds budgeted include $245 million for the replacement hospital at Minneapolis. Of all the replacement hospitals included in the VA planning process, none has been more thoroughly debated, considered and reconsidered than the Minneapolis hospital. The American Legion kept telling Congress, and the Administration that the replacement was in fact needed. Our information is based on site visitations by personnel of the Legion's national staff, and documentation provided by the Minnesota American Legion. All the delay that has occurred has been unnecessary. The replacement hospital was needed when it was first planned, and it is still needed. The only thing that has happened in the interval, and during the protracted debate is that the cost of construction has continued to increase. In any event, the Administration now recommends the replacement be funded, and the Legion says let us by all means go forward with this project. It is now long overdue.

We have taken opportunity to review, in at least a preliminary way, the replacement and renovation projects scheduled for fiscal year 1984. Based on the work of our Field Representatives who make regular on-site visits to all of these facilities, we can assure the Committee all of the work scheduled is needed, and much of it is long overdue.

One of the most recent problems coming to our attention, for example, is the number of facilities still using old, outdated, and failing telephone systems. Some of them are so old that emergency service cannot be assured. This is terrible in a modern medical system such as that operated by VA. We expect there will be some progress made in this and other aspects of needed modernization, with the funds recommended by the Administration for construction. We urge the Committee to recommend full funding for all these activities. They are absolutely essential if VA is to practice modern medicine in caring for veterans.

Mr. Chairman, and Members of the Committee, in this statement we have commented only superficially on the comprehensive budget proposals of the Administration for the Veterans Administration. We have spoken to those things we believe to be of highest priority in an agency all of whose activities are of high priority, because they are intended to respond to the needs first of those who were disabled in war service, and then to the reasonable needs of all those who served honorably when called to do so by the nation.

America lives in a dangerous world. Today, while we are not involved in war, American servicemen again are stationed in areas where hostilities are underway. It is impossible to tell when new American war veterans may be created.

We of The American Legion say again, as we have said before, that the concern of the nation, as expressed by the Congress, for the welfare of those who have served, will inevitably have an effect on the enthusiasm with which American men and women will respond to future calls to hazardous service in the national interest. For that reason, the VA Budget is certainly one of the most important to which the Congress will address itself during this year.

We thank the Committee again for the opportunity to present our views.

Testimony of Peter B. Currier, Deputy National Service and Legislative Director

Mr. Chairman the AMVETS is deeply appreciative of the opportunity to appear before you and the members of the Committee today to present our views on the proposed Veterans Administration Budget for fiscal year 1984. Recognizing that the importance of this topic will necessarily require the appearance of a large number of witnesses before this Committee, we will summarize our testimony and ask that its full content be incorporated into the record.

The importance of budgetary expenditures which affect 84 million veterans, dependents, and survivors all of whom are American citizens in the highest tradition cannot be overstated. The Veterans Administration enjoys a certain uniqueness among federal agencies as it is the only federal agency whose constituency was established well in advance of its very existence. Recognizing that the young men and women of this nation had unselfishly sacrificed a great deal in defense of freedom, a grateful American people purposely set forth benefits which are earned by virtue of a veteran's military service. In 1930, by Executive Order, the Veterans Administration was permanently established with a mission to administer the laws governing the benefits accorded veterans and their dependents by the American people. Any Agency with a mission of such magnitude requires a high degree of professionalism, fiscal responsibility borne out of a genuine feel for the needs of its constituency, and above all stable leadership. AMVETS is appreciative of the tremendous obstacles which the Veteans Administration has had to overcome, with respect to its leadership during the past two years and we wish to commend the newly appointed Administrator of Veterans Affairs Harry Walters and his Staff for the preparation of the budget we are here to consider today. We feel that the Veterans Administration has attacked the problems of cost-effectiveness with great concern for the veterans of America and their dependents and survivors while at the same time keeping an eye on fiscal responsibility.

While on the whole AMVETS feels that the Veterans Administration budget as proposed for fiscal year 1984 is sound in concept, there are several reservations which we would state in hopes that Administrator Walters and his Staff will make note of.

AMVETS would view favorably that portion of the proposal which provides for splitting compensation and pension appropriations into three separate accounts, we would agree that adoption of this proposal would provide for better program presentation.

We would comment that in reviewing this proposal we noticed that the Veterans Administration seems to indicate by its figures that the number of veterans utilizing VA programs is on a decline and to an extent this may be true due to the natural attrition suffered by World War I and World War II veterans as the aging process progresses. However, we would caution the Veterans Administration to take into consideration that the average age of the veteran community is 50.9 years and the full impact in this area of the Vietnam Conflict is yet to be felt. Therefore, we would hope that the Veterans Administration will approach their estimated caseload with greater awareness in the future. In such a manner the Veterans Administration will be in a better position to evaluate the needs of an aging veterans population and to judge its own needs in the area of geriatric research and provisions.

Mr. Chairman inflation, although at a lower level than years recently passed, continues to exact its toll upon the VA budget as illustrated by the fact that when one factors out an annual rate of 3 percent inflation the net increase in the budget proposal for fiscal year 1984 is 1.3 percent over that of fiscal year 1983. For reasons previously set forth, AMVETS hopes that a net increase of $340 million is sufficient to meet the needs of the agency.

To summarize Mr. Chairman, AMVETS has testified previously before this Committee and the Senate and continues to be of the opinion that the Veterans Administration as an agency has the best vantage point from which to address the special needs of the veteran community and in general has, within the confines of the mandates of the Congress and the American people, provided the finest care available to its constituency. There are many issues which face the veteran community on an ongoing and changing basis which demand that the Veterans Administration have the capabilities to make necessary adjustments to meet these needs. It is an evolution which also requires that Congress and the veterans organizations work in unison with the Veterans Administration to attempt to insure that any such adjustments are made with one thing and only one thing in mind—the needs of the veteran community. We feel that Administrator Walters and his Staff have approached the budgetary process this year and made recommendations based on a desire to exhibit the fiscal responsibility and leadership which both the American people and the veteran community have long sought. AMVETS would like to see and would solicit from Congress a greater increase in moneys made available for the administration of programs affecting veterans. It is the will of the Executive Order which founded the agency in 1930 and continues, we feel, to be the will of the American people.

AMVETS,
AMERICAN VETERANS OF WORLD WAR II KOREA-VIETNAM,
Lanham, Md., February 22, 1983.

Hon. G. V. MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN MONTGOMERY: Attached, please find a copy of extended comments by AMVETS regarding our views of the proposed budget for fiscal year 1984 for the Veterans Administration. We would appreciate it if these could be entered into the record.

Sincerely,

PETER B. CURRIER,
Deputy National Service and Legislative Director.

Enclosures.

FEBRUARY 28, 1983.

Mr. PETER B. CURRIER,
Deputy National Service and Legislative Director,
AMVETS, Lanham, Md.

DEAR MR. CURRIER: I have received the comments which you wish added to your testimony before the Committee on Veterans' Affairs on the Fiscal Year 1984 budget.

As requested these coments will be made a part of the hearing record.

Sincerely,

G. V. (SONNY) MONTGOMERY,
Chairman.

AMVETS,
AMERICAN VETERANS OF WORLD WAR II, KOREA-VIETNAM,
Lanham, Md., February 22, 1983.

Hon. G. V. MONTGOMERY.
Chairman, Committee on Veterans' Affairs,
Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN MONTGOMERY: The 1984 Fiscal Year Budget as proposed by the Administrator of Veterans' Affairs and his staff is one which AMVETS feels is sound in concept and demonstrative of the advocacy on behalf of veterans avowed by Mr. Walters and his staff in recent weeks.

We commend Mr. Walters for developing such a comprehensive budget in such a short span of time when one considers his recent confirmation in his position.

Mr. Chairman, our concerns about the Fiscal Year 1984 VA Budget center around the fact that we are unalterably opposed to any elimination of correspondence training since we feel that for many in this time of fiscal difficulty this is the only source of self improvement. Many individuals simply cannot afford to take time off from their work schedule to attend schools since it becomes a matter of simple survival. We hope you and the members of your committee will carefully examine this provision of the Fiscal Year 1984 Budget and will seek to preserve this important piece of the G.I. Bill.

Regarding a delay of cost of living adjustments (COLA) we understand that all Americans in these difficult times must share responsibility to sacrifice in order to restore economic stability, however, we would hope that recipients of all entitlement programs across the board will share a delay in the cost of living adjustment and that veterans will never be asked to unfairly go it alone.

The Veterans Administration self-examination process with regard to revalidation of construction projects is refreshing and demonstrative again of Adminstrator Walters' dedication to advocacy with a strong emphasis on fiscal responsibility. The Veterans Administration, we feel in this area, has sought to make the most of the dollars available and for this we are thankful.

Regarding female care AMVETS is of the opinion that the Veterans Administration has, over the years done quite well in this area and has the capabilities to meet future needs in this area. We understand that Administrator Walters has enlisted the services of a specialist in this area to study present capabilities and to suggest for improvements in this area. Our experience has shown that basically across the country America's female veterans are adequately cared for by the Veterans Administration. However, we recognize at the same time that historically, female veterans have been reluctant to seek medical care from Veterans Administration facilities and we feel that perhaps this is due to a mistaken impression that the Veterans Administration is for males only. We would suggest to Administrator Walters that his staff undertake a campaign through a series of public service announcements and other public relations activities to solicit utilization of the Veterans Administration by female veterans.

AMVETS remains convinced that the Vietnam Veterans Readjustment Act has been a most productive program and that, by and large, the vet centers across this country have constructively served the Vietnam veterans. For this reason, AMVETS would look with disfavor upon any effort to eliminate the programs covered by the Vietnam Veterans Readjustment Act of 1979.

Mr. Chairman, we are somewhat concerned by the Veterans Administration's figures regarding case load activity since we feel the fact that the average age of America's veterans today is 50.9 years and that the second largest group of veterans (the Vietnam veterans) are yet to impact on programs concerning geriatric care. We would hope that the Veterans Administration, although its figures may show a decline, would not be lulled into a sense that need of planning and research in the area of geriatrics is also diminishing. There are many hopeful signs in the area of research into the causes of Alzheimer's disease and we hope that the Veterans Administration because of its extensive facilities and constituency will take a world leadership position on this subject.

Mr. Chairman, as you are aware, the figure of 30 million veterans is often bandied about when issues are addressed to the Veterans Administration. When one considers the numbers of dependents and survivors this figure is swelled to nearly 84 million Americans which represents 38 percent of the total population. This serves to underscore the importance of any budget expenditures for the Veterans Administration and for his foresight, advocacy, and demonstrated fiscal responsibility in preparing the Fiscal Year 1984 Budget, we would commend Adminstrator Walters and his staff.

Sincerely,

PETER B. CURRIER,
Deputy National Service and Legislative Director.

STATEMENT OF CHARLES E. JOECKEL, JR., DEPUTY NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. Chairman and members of the committee: On behalf of the more than 740,000 members of the Disabled American Veterans, I would like to thank you, Mr. Chairman and the members of the Committee, for giving us this opportunity to express our views on the VA budget request for fiscal year 1984.

As you know, Mr. Chairman, on behalf of the Veterans Administration, the President is requesting $26.1 billion in budget authority and $25.7 billion in outlays to administer the various programs and services for millions of the nation's veterans and their families in fiscal year 1984. In budget authority, the VA request is approximatley $1.1 billion over the fiscal year 1983 estimates, primarily due to increases in the VA medicial care and construction accounts.

Overall, Mr. Chairman, the VA budget request for next year is a good one in large part due to the efforts of the new VA Administrator, Harry N. Walters. Because of this efforts, we believe, the existing levels of benefits and services for the nation's service-connected disabled veterans and their families will not only be preserved but slightly increased. In this regard, I would like to take this opportunity to thank Administrator Walters on behalf of the members of the DAV.

While the DAV lends its strong support to the VA funding request for fiscal year 1984, we do have a few concerns which I will address during the course of my statement.

DEPARTMENT OF VETERANS BENEFITS

While the VA is requesting an additional $2.6 million for personnel benefits, overall employment in the Department of Veterans Benefits (DVB) will decline in fiscal year 1984 by 419 employees. The proposed increase in personnel funding reflects adjustments in employee health benefits costs and contributions to the Medicare program.

The reduction in DVB personnel will result from the anticipated decline in compensation, pension and education workloads—the major portion of which will occur in readjustments benefits and services provided to Vietnam Era veterans enrolled under the G.I. Bill program.

Over the past few years, the VA has been fairly well on target in estimating changes in case load, particularly in the area of Readjustment Benefits. Barring the enactment of legislation that would establsh a new "G.I. Bill" program or liberalize the delimiting date in the current program, the DAV does not object to the scheduled 1984 employment reduction in DVB.

I would request, however, Mr. Chairman, that the Committee pay close attention to the impact that the proposed DVB personnel reduction will have upon each Regional Office. We would suggest that the employee cut not be imposed in an across-the-board fashion, but rather, the VA should focus the reductions in areas where the education and adjudication workloads have particularly declined.

MEDICAL CARE

The fiscal year 1984 request calls for an overall funding increase in the VA's medical care account of $383 million—an adjustment of approximately 5 percent. The increase will allow the VA to hire an additional 2,294 health care employees—primarily to activate new facilities; treat 124,000 more veterans on an outpatient basis; and provide for an increase in beneficiary travel funding. Also, the VA will establish an additional Geriatric Research, Education and Clinical Center (GRECC), bringing the total number of GRECCs to nine.

While we are pleased to see some expansion of the GRECC program and the addition of 300 nursing care beds in the system, we are somewhat concerned over the loss of 800 more acute care beds in 1984. This proposed reduction will bring the total loss of acute care beds within the system to 5,100 since 1980.

We continue to believe that there exists a need to maintain acute care beds for the care and treatment of elderly veterans.

In addition, we believe that the shut down of beds, wards and certain sections of VA hospitals is a waste of resources. Considering the current demand on the system for nursing home care and the rate at which new nursing beds are being added to the system, we think that attention should be directed to the possible conversion to nursing care units of acute care bed sections within VA hospitals.

We are aware of only one instance where the VA is remodeling part of a hospital to accommodate nursing care—Alexandria, Louisiana. In our view, the initiation of similar projects nationwide would make better use of current resources, more quickly serve to meet the current demand for nursing care and, in the long run, save the government money.

CONSTRUCTION

Keeping in mind our comments regarding nursing home care, Mr. Chairman, you will note that all but $60 million of the VA's $868 million construction program is devoted to the VA's health care system.

Of the $808 million in VA health care construction, only $67.3 million is set aside for nursing home care. Accounting for most of the 58 percent increase in construction funding for Fiscal Year 1984, is the scheduled replacement of the Minneapolis VA Hospital and the renovation, modernization and building additions at several health care facilities. In this regard, Mr. Chairman, the DAV wholeheartedly supports the VA's efforts to replace and modernize its older hospitals—some facilities now more than 35 years old.

While we support full funding of the VA's request for Construction Programs, we are, nevertheless, concerned over the VA's commitment to meet its most pressing demands on the health care system.

Accordingly, we favor a plan which would call for the addition of Nursing Care Beds to the system through the renovation and modernization within present VA hospitals.

RESEARCH

Although the VA budget request for Fiscal Year 1984 shows a slight increase in medical and prosthetic research ($156 million), actual spending in 1984 will be below 1983 levels—necessitating a reduction in the three research programs.

As you may know, Mr. Chairman, in Fiscal Year 1982 the VA actually had $12 million less than the amount which was available in the previous fiscal year to carry out its research mission. In order to accommodate the $12 million reduction in fiscal year 1982, funding for prosthetic research (Rehabilitation Research and Development) was cut by 20 percent from 1981 levels and a 6 percent reduction was levied in all biomedical research programs.

To bolster prosthetics research within the VA, the Congress last year mandated a $2 million increase in Rehabilitation Research and Development, providing $10 million for prosthetics, sensory aids and other special category research in 1983.

Mr. Chairman, we are deeply concerned over the funding provided in fiscal year 1984 for the VA's Rehabilitation Research program which funds projects such as prosthetics, wheelchair, blinded and hearing impaired rehabilitation research. Although this program is funded at less than 10 percent of the total VA research budget, the VA has proposed that 1984 rehabilitation research sustain nearly one-half of the proposed funding reduction and nearly one-third of the employment cut within the VA research budget. We are adamantly opposed to reducing the research funding which is generally used to improve life for combat and service-connected disabled veterans.

Accordingly, we respectfully request your support to increase the proposed funding for VA Rehabilitation Research and Development by $3 million over the amount proposed in the fiscal yfear 1984 request.

PROPOSED LEGISLATION

To accomplish savings of $134.7 million in fiscal year 1984, the Administration is proposing to delay by six months the cost-of-living adjustment in nonservice-connected disability pension benefits, eliminate correspondence training and terminate advance payment of educational benefits.

In this regard, the DAV, with the exception of minor concern regarding correspondence training, has no objection to the enactment of the cost-savings measures proposed in the budget for 1984. We have, however, been alerted by several of our members to the impact that the elimination of correspondence training would have upon service-connected disabled veterans who are unable to leave their homes or to attend regularly scheduled classes. During the course of the year, we will detail our concerns in this regard whenf specific legislation is considered by the Committee.

In addition, Mr. Chairman, as National Commander Galian pointed out in his statement earlier this week, the DAV will not object to the proposed delay in the effective date of the fiscal year 1984 disability compensation and dependency and indemity compensation increase, so long as similar adjustments are made in an even-handed manner in all other federal benefit and entitlement programs. Please note that I have attached a copy of a resolution adopted by our National Executive Committee relative to this subject.

OUTYEARS

As you know, Mr. Chairman, the DAV is extremely concerned over an outyear proposal contained in the fiscal year 1984 budget request that proposes to scale down cost-of-living adjustments beginning in 1985.

Under the recommended formula, service-connected veterans whose disabilities are rated at 100 percent would receive the full cost-of-living adjustment each year. Those rated 60 to 90 percent disabled, however, would received only 85 percent of the cost-of-living adjustment, while those evaluated at 40 or 50 percent disabled would realize only 60 percent of the cost-of-living adjustment. Similarly, veterans rated in the category of 10 through 30 percent disabled would receive only 45 percent of the cost-of-living adjustment beginning in 1985.

Needless to say, we are adamantly opposed to such a plan, as the individual evaluations under disability compensation and their corresponding rates of payment already accomplish what this proposal seeks to achieve—that is, to haved the rates of payment reflect the degree of disability. We view the sole purpose of such a proposal as one which seeks to achieve savings rather than one which would equitably distribute federal dollars as the Administration suggests.

VETERANS' EMPLOYMENT PROGRAMS

Much like the Veterans Administration budget request, the Department of Labor's 1984 proposed budget for the Veterans' Employment Service (VES) is a good one. We are pleased to note, Mr. Chairman, that the Administration is not attempting to eliminate the VES federal secretarial staff in 1984.

Moreover, the Administration has proposed $9.6 million, providing 225 staff positions, basically satisfying the requirement in Chapter 41, Title 38, U.S. Code which establishes the positions of State and Assistant State Directors for Veterans' Employment, as well as their secretarial staff. In our view, Mr. Chairman, these funds will be sufficient for the VES to carry out its mission in 1984.

OFFICE OF VETERANS' REEMPLOYMENT RIGHTS

As you know, Mr. Chairman, Public Law 97-306, the Veterans' Compensation, Education, and Employment Amendments of 1982, among other things, transferred the functions of the Office of Veterans' Reemployment Rights to the Assistant Secretary of Labor for Veterans' Employment. Our review of the 1984 request indicates that the transfer has taken place—moving the functions, personnel funds, equipment, supplies and records necessary to carry out the Reemployment Rights program to the Assistant Secretary for Veterans' Employment.

We are, however, concerned over the future funding of this program. As you know, the vast majority of the positions in the Veterans' Employment Service are mandated by law (Chapter 41, Title 38, U.S. Code). The staff necessary to carry out the functions of OVRR are not, however, covered by law. Our concern centers around what the future will hold in terms of funding available to carry out these functions. Past experience with respect to the VES and the Disabled Veterans Outreach Programs indicates that we must keep a close eye on the funding levels provided to the OVRR in the years ahead. In this regard, Mr. Chairman, we seek your assistance in assuring that future funding levels are adequate

DISABLED VETERANS OUTREACH PROGRAM

The 1984 budget provides for $62.6 million to fund the Disabled Veterans Outreach Program (DVOP). At long last, Mr. Chairman, the Administration has provided a level of funding sufficient to carry out this mandated program. Perhaps even more encouraging is the fact the program will now be administered by the Assistant Secretary of Labor for Veterans' Employment.

While the Assistant Secretary has indicated a desire to maintain tight fiscal control over the program, we have been assured that funding will be provided to those states that properly implement and administer the DVOP program—to the satisfaction of the Assistant Secretary of Veterans' Employment.

Mr. Chairman, we believe that much has been accomplished recently to assure that adequate employment services are provided to our nation's job-seeking disabled and Vietnam Era veterans. We are most pleased that adequate funding has been provided for the various programs which seek to achieve this employment goal.

CONCLUSION

In summary, Mr. Chairman, with the exceptions and recommendations set forth in this presentation, the DAV supports full funding of the Fiscal Year 1984 budget request for the Veterans Administration and strongly supports the Administration's request for veterans' employment programs proposed by the Department of Labor. Again, I wish to thank you and the members of the Committee for allowing us this opportunity to express our views on the very important subject.

NEC Resolution B—Legislative

CLARIFYING THE POSITION OF THE DISABLED AMERICAN VETERANS REGARDING THE COST OF LIVING ADJUSTMENT IN VA COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS FOR FISCAL YEAR 1984

Whereas, the delegates to the 61st National Convention of the Disabled American Veterans, held in Las Vegas, Nevada adopted Resolution No. 310 calling for a reasonable adjustment in the rates of VA disability compensation and dependency and indemnity compensation (DIC) payments; and

Whereas, for Fiscal Year 1984 President Ronald Reagan has proposed an increase in VA disability compensation and DIC payments of 5.1%, commensurate with the projected rise in the Consumer Price Index; and

Whereas, based upon the unstable state of the national economy, the President has proposed to either freeze or delay by six months the cost of living adjustments in all federal personnel, benefit and entitlement programs; and

Whereas, the effective date of the 5.1% cost of living adjustment in VA disability compensation and DIC benefits would be delayed by six months from the usual date established for such increases; and

Whereas, disabled veterans and their families, more than any other single group of Americans, have, when called upon, demonstrated their willingness to make personal sacrifices on behalf of the nation; and

Whereas, the President has requested that all Americans share equally in the burden to stabilize the economy thereby setting the nation on a course toward full employment and prosperity; Now, therefore, be it

Resolved, That the Disabled American Veterans will not oppose the enactment of legislation which proposes to delay the effective date of the Fiscal Year 1984 disability compensation and dependency and indemnity compensation increases by six months, so long as similar adjustments are made in an evenhanded manner in all other federal benefit and entitlement programs.

Statement of R. Jack Powell, Executive Director, Paralyzed Veterans of America

Mr. Chairman and Members of the Committee, it is a privilege for me to speak today on behalf of the members of Paralyzed Veterans of America. I sincerely appreciate this opportunity to address PVA's concerns regarding the proposed fiscal year 1984 Veterans' Administration budget.

Mr. Chairman, for the past several years PVA, other veterans' service organizations and individual veterans have had to rely upon the wisdom and energies of this Committee and the Congress as a whole to secure adequate funding for the programs and services administered by the Veterans Administration. Repeatedly, the Congress has had to struggles to add needed funding to proposed budgets that were patently insufficient to meet the needs of the nation's veterans.

This year President Reagan has submitted a more realistic budget proposal. It is PVA's opinion that this change is the result of the leadership and efforts demonstrated by you and the Committee on Veterans' Affairs to ensure that funds for benefits and services for the men and women who have served the nation in uniform are adequately provided.

It is a pleasure to be able to come before you and support the Administration's fiscal year 1984 budget proposal for the Veterans' Administration. The proposed budget authority of $26.083 billion and budget outlays of $25.696 billion, if accepted by the Congress, will preculde the diminution of VA programs. And, the proposal in certain instances, such as funding for construction, represents a real attempt to improve existing VA services and redress past neglect.

While Paralyzed Veterans of America is supportive of the President's fiscal year 1984 budget proposal there are certain provisions within the proposal we must address. Additionally, the budget proposal raises certain questions in our minds which we feel obligated to raise. Some of these issues stem from not what is in the budget but rather from what is absent.

First, PVA supports the President's initiative to delay cost-of-living increases in compensation for service-connected disabled veterans and in pension for non-service-connected disabled veterans. We realize that in light of efforts to restrain and reduce growing budget deficits it is incumbent upon all citizens to be willing to assist in the government's efforts. However, PVA must state in the strongest terms that this support is based on the fact that all Americans be asked to share equally in this sacrifice. It would be unconscionable to ask men and women who have already sacrificed in the service of their nation to undergo more hardship when others, be they beneficiaries of other federal programs or entitled to federal cost-of-living increases, are not asked to do the same.

A second issue of concern to the members of Paralyzed Veterans of America is the provision contained in the President's budget proposal to eliminate correspondence training. This proposed legislation will only result in a savings of $4.9 million in budget authority for fiscal year 1984. However, such small savings may result in major hardship and lost opportunity for eligible, severely disabled veterans. Presently correspondence training offers educational assistance and potential employment skills to certain veterans who due to physical disabilities or geographic isolation are unable to attend traditional educational institutions.

During this period of rapidly expanding computer technology and the growing availability of at-home date processing equipment it seems to PVA that programs in correspondence training, particularly in this area, offer great potential benefit to veterans. With these technological advances more and more individuals, whether disabled or able-bodied, are utilizing at-home resources for both educational and employment opportunities. The availability of telephone coupling devices makes access to data and information sources much more obtainable. Hopefully, this Committee will review the correspondence training program and find it to be not a source of potential savings but, rather, a source of expanded opportunity for many veterans. The VA was a leader in developing innovative educational programs and here is an excellent opportunity to couple expanded technology with an existing program to continue this cource. Hopefully, the Committee will view correspondence training as a chance to enhance educational opportunity. With some possible modification the potential for making the correspondence training program an innovative and cost-effective benefit is very real.

Mr. Chairman, PVA welcomes the President's proposal to increase funding for the Veterans' Administration's construction programs, particularly the increase in funding for the construction of health-care facilities. The construction freeze of the past year, the recissions and defferals of the past several years, and the overall neglect of VA facilities have all combined to require accelerated construction if the VA is to remain a viable agency and meet the needs of veterans. The $319.2 million increase in construction funding for a total of $868.3 million for fiscal year 1984 offers the promise that this Administration recognizes the importance of adequate facilities if the VA is to perform its assigned functions.

Mr. Chairman, the proposal to increase construction funds is a positive sign, however, it raises several questions. First, the preponderance of construction funds are dedicated to new facilities and yet just a year ago it was the stated policy of the VA and the Administration that no new projects would be initiated pending the completion of the VA's revalidation study. This study which was to ensure the proper location of needed facilities was supposedly completed in December 1982. The study has not been released and PVA is concerned if these proposed new construction projects reflect the results of the study or are they to be altered, revised or discontinued when the study becomes available. PVA agreed with the VA's concept of determining the location of new facilities based upon the demographics of veternas and their requirements, yet we must question if these proposed new projects adhere to this policy.

The Veterans Administration is the first level of planning for the anticipated needs of America's veterans. We must question, however, what plans have led to the present construction proposals. The budget proposal provides for funds for 840 additional nursing home beds. Hopefully, this is the first year in a series of years of accelerated construction of nursing home facilities but we cannot be certain. The absence of clearly articulated projections by the VA provides us our concern. We are inquiring as to whether these 840 proposed beds coupled with unknown future construction of similar facilities will meet the demands of the aging veterans population between the years 1990 and 2000.

Mr. Chairman, an additional issue of concern to PVA is the adequacy of funds to maintain existing facilities. The entire federal infrastructure is known to be in a deteriorated condition, the Veterans Administration included. Again, the lack of distinct, long-range plans for the renovation and repair of VA facilities raises questions as to the sufficiency of funds in this budget proposal. We hope our fears are groundless but to provide monies to create new facilities while existing ones deteriorate to the point of uselessness appears counterproductive. Hopefully, this budget proposal reflects a mix of projects whereby the VA is strengthened and improved, not one where the staus quo is maintained by adding new structures and losing old ones.

It is not our purpose to chastise the Veterans Administration regarding the proposed construction funding. Our intent is to seek the projections upon which these proposals are based. The lack of clear, evident planning is what is troublesome. Are the proposals for construction projects reflective of the VA's anticipated needs? The lack of evidence that these proposals are based on long-range planning for the future needs of veterans are our concern.

PVA understands that the Chief Medical Director will be briefing the Veterans' service organizations on VA planning for health-care requirements and, specifically, recent Medical District Initiated Program Plans (MEDIPP). Hopefully, this presentation will allay our fears and present more clearly the VA's future plans and their projections. It is hoped that this material will be available to this Committee as you make your recommendations and that the long-range plans of the VA will be put in a clearer prospective.

Finally, Mr. Chairman, I want to take this opportunity to commend Mr. Harry Walters, the Administrator of Veterans Affairs. The proposed Fiscal Year 1984 Veterans Administration budget reflects a reversal of past attempts to reduce services and benefits to the nation's veterans. It also points out the value of strong leadership and a commitment to the men and women who have served the nation in the Armed Services. For the first time in several years the VA and its proposed budget reflect the renewed vigor of insightful management and veterans' advocacy.

Mr. Chairman and Members of the Committee, I again thank you for the privilege of appearing before you. This concludes my statement and I will be glad to answer any questions that I can.

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